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Cabinet likely to subsidise price restraint

By IAN AITKEN

The Chancellor's "mini-Budget," which will be outlined to the Cabinet tomorrow before Mr Barber makes his statement in the Commons at 2 p.m., is expected to make it clear that the difficulties of the nationalised industries in following the CBI's programme of price restraint will not be viewed to stand in the way of a reflationary boost to the economy.

Leaders of the nationalised industries are understood to have told Mr Barber they are ready to fall in with private industry in holding down price increases maximum of 5 per cent—provided the Government is prepared to help them with the inevitable deficits.

The evidence is that Ministers are prepared to provide the necessary help—of the Government's past stand against subsidising State enterprises—rather than abandon the move towards reflation. Not least among the Government's reasons for pressing on with the reflationary package is the anxiety of Ministers to

German abortion

EST GERMAN mother of children has been fined marks (about £34) in punishment, West Germany, after an abortion in London. Her former husband, a 200 marks for her and abetting her. The said that although a German law on abortion was still in effect, it was still in effect.

Last house

MIDLANDS area is of the 20,000-strong National Association of Retail, Television and Employees yesterday a national closure of as if there is no movement in the 5 per cent already rejected by them.

Nut case

USE they are considered sexual stimulants, and peanut butter has been banned from a newburg girls' high school. According to a nutritional advisory organisation, it has been ordered by school's headmistress. A spokesman for the organisation said there was no proof there were stimulants.

World banking

ARDIAN Special Report on world banking—examines the City of London's role in Europe and the role of the International Monetary Fund.



Mr Anthony Barber, who presents his mini-Budget today, gave his autograph during a stroll in St James's Park yesterday. His wife Jean is on the right.

Israel gives refuge to beaten guerrillas

From our Correspondent: Beirut, July 18

Palestinian leaders claimed here today that their guerrillas have fled to the Israeli-held west bank of the Jordan to escape King Hussein's army. In Amman, the Jordanian Government said guerrillas who fled to the west bank were Israeli spies who had infiltrated the commandos' ranks.

The rival announcements were made as the guerrillas all but admitted defeat in a five-day battle during which the King's troops have driven them from their bases astride the main Jordan-Syria road and into the Jordan river valley.

A spokesman for the General Command of the Palestinian Revolution in Beirut said a number of guerrillas crossed the river after the army massacred some of their comrades. The army assembled the guerrillas in one spot on surrender terms, then shot them down with heavy machine-guns, he said.

This started a move to the west bank. A least 38 guerrillas crossed over "preferring to die at the hands of the Israelis than to be massacred by their Arab brothers," he said. "To die on the soil of their country."

The official Jordanian version centred on a telegram it said was intercepted by military intelligence. The cable, addressed to Yasser Arafat,

reportedly said 70 men gathered on the west bank and were taken by helicopter into Israeli-occupied territory. Amman Radio said they were agents planted among the resistance groups after training in Israel. More than 300 spies were at loose in the commando movement.

Admissions by the guerrillas today that large numbers of their men have been captured by the Jordan army reinforced Jordanian claims that the guerrillas have lost another, perhaps the last, major battle with Hussein's Bedouins.

Army control

Eyewitnesses said the guerrillas are now wedged into a strip of land where they are totally under army control. This is an area on the side of the river bank, above the heavily cultivated valley bottom and between the army-patrolled valley road and the main Amman-Jerash road. Here the commandos are impotent.

Their freedom of movement—including operations across the river—is totally controlled by the army. They are also cut off from their Syrian supply lines.

UPI ADDS FROM Tel Aviv: One of Israel's authorities on Arab affairs, Mr Ehud Yaari, told Israel Radio "This is the end for the guerrillas. This has put an end for all practical purposes to the effectiveness of

South Africa nearly Nazi, say clergy

From STANLEY UYS, Cape Town, July 18

Forty-five South African clergymen and leading laymen of many denominations have written an "open letter to South Africa" in which they say the country is closer to Nazi Germany than most people realise.

The writers say the reason for the letter is to call "people" back from the abyss of disaster, and because, as Christians, they feel compelled to "speak out."

Among the signatories are Canon F. Findley, Anglican, the Rev. Douglas Bax, Presbyterian, Professor A. M. Hugo, Dutch Reform, who is Professor of Classics at the University of Cape Town, and the Rev. Theo Kotze, director of the multi-racial, Ecumenical Christian Institute in Cape Province.

"Making comparison between Nazi Germany and South Africa is painful for us," they say, "but such comparisons are infinitely more painful for those who suffer, because they are true."

Listing the comparisons, the letter said that both in South Africa and Nazi Germany, nationalism was confined to those who were "racially akin" to each other. It was a "neurotic nationalism."

Both systems had "national messianism" in common and both stressed the importance of "racial purity."

The African reserves in South Africa were similar to the "labour reservoirs" that Germany had created in the country surrounding it, it said.

The open letter draws comparison with the way Hitler dismantled the rule of law in Germany, dispensed with the courts and imprisoned or banned people without trial; with Germany's police-informer system; with the dismissal of Western civilisation as being decadent liberalism; with the use of State-controlled radio for propaganda and censorship; and the teaching of distorted history in the schools; and with the constant invoking of "Christianity" to justify State policy.

Plan for inter-racial parliament denied, page 3.

Hippies flee Ibiza

From our Correspondent Madrid, July 18

HUNDREDS of hippies are fleeing from Ibiza, after their violent clash with police on Friday night.

The battle occurred at the village of Santa Eulalia del Rio, when Robert Berge, aged 44, a Californian known as "Blind Bob," held a birthday party for his hippie family. Some 20 youths, including many Britons, attended and a fight started with the villagers.

Most inhabitants of Ibiza resent hippies, and disapprove of their alleged sexual, drug-addictive, and insanitary habits. They also resent the hippies' lack of cash.

Armed police reinforcements were called when "Blind Bob's" party got out of control, and shots were fired. A number of the young people were injured but a US consular official said today that he had no confirmed reports of gunshot wounds. The injuries, it appears, were caused by police truncheons.

Reports that one young American was shot dead and that two other people received bullet wounds, are denied by the police and by the local hospitals.

Fifty-seven of the hippies were arrested and several hundred others decided they had had enough. They now appear to be heading for Amsterdam.

Police said the 57 detained included 22 women and were from Britain, the United States, Canada, Holland, France, West Germany, and Spain.

TV, radio-2

Arts	8	Motoring	19
Business	18	Overseas	2, 3
EEC	4, 5	Sport	19-21
Environment	6	Women	9
Home	6, 7	Xwords	12, 21
Horner	12		

Classified-12

Wilson leaves no broken fences

By KEITH HARPER

body's surprise at all, Wilson came down more against the Common at the Labour Party's conference on Saturday. He took the Labour to the brink of opposition without coming completely.

leaves the way clear for the party to oppose the conference rather than being into opposition by the and the Parliamentary Party. Mr Wilson's lieutenant, Mr Callaghan, made it possible by the conference to refuse a back of standing which would have Mr Alf Morris, MP for shaw, to have presented a rejecting entry. Mr Wilson was therefore protected from the whole hog.

the four-day debate in next week, party will compile a report on the National Conference on July 23. From it will be a statement of opposition to the conference. This will be sent out to party members and unions. The normal Labour Party conference in October, backed by Mr Wilson, will be a drop all pretence and an attack with no holds on the terms agreed by the party.

of a hot, stuffy day in the Central Hall, Westminster, was skilful if overdone. It was not as much as the full-blooded speeches of Mr Michael Foot and Mr John Mackintosh from opposite sides of the Common Market fence.

As in his Newtown speech, Mr Wilson said that he regarded it as his most important duty to maintain party unity. The party should emerge from the Common Market issue united and vigorous, and able to press home "our determined attack on the present Conservative Government." The Opposition leader reiterated what he has said before about the Government: namely that Mr Heath had broken his election promises and was desperately trying to get into Europe to cover up his shortcomings.

Mr Jenkins sat composedly a few seats away as Mr Wilson dispelled any lingering doubts that his attitude against the Market is hardening day by day. Mr Wilson firmly rejected the assertion "wherever they come from" that the terms accepted by Mr Heath were the terms Labour asked for. "It is irresponsible for anyone who knows the facts to assert otherwise," he declared, no doubt recalling the remarks of George Thomson, who had earlier told conference that as Minister for Europe he would have recommended Labour to accept the terms.

higher prices and the increased cost of living and was cheered to the roof. The right-wing General and Municipal Workers' Union, in the person of Sir Frederick Hayday, was loudly booed for supporting the CBI's views on the market.

In a sense, the conference became a pointless exercise once the attempt to compel it into a decision had been defeated. On the credit side, a great party had a public debate which threw up all shades of Market opinion, under the firm but fair control of Ian Mikardo, the party chairman. Most delegates complied with his appeal to keep

FULL-PAGE report of the conference, page 5; Hella Pick commentary and Focus on Europe series, page 4; Leader comment, page 10; Peter Jenkins, page 11

personalities out of debate, but Mr Clive Jenkins could not resist challenging "our friends in the Labour Committee for Europe" to publish their balance sheet. Mr Peter Shore, who has eagerly grasped the Common Market issue to emerge from the political wilderness, was not afraid to use words like "decency" and he warned that the country would suffer a national disaster if we went in. Mr Foot leaped across to congratulate him as he stumbled back to his seat to the most prolonged applause of the conference.

Union may expel 500

By our Labour Staff

Post Office workers' leaders are to discipline and possibly expel the first batch of 10,000 members who worked during the strike this year.

At an executive meeting next week, Mr Tom Jackson, UPW general secretary, will discuss with his colleagues the position of 500 members from East Anglia who refused to join the strike. It is almost certain they will be expelled. Feeling is so strong among the rest of the membership, who held out for seven weeks, that firm action is bound to be taken against the miscreants. The UPW membership is a well-disciplined and loyal force, and the leadership is ready to face a 5 per cent drop in its membership in order to assert the union's authority.

Members who disobeyed the strike call have all received letters telling them to explain their actions. If they wish, they can appear before the executive to put their case. Under union rules the executive can fine, suspend or expel members. There is a right of appeal to the UPW's annual conference. Many of them worked in the country areas and in telephone exchanges.

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Tasadays meet the world

Manila, July 18

Twenty-six naked members of a stone age tribe — Tasadays — came out of hiding in the mountains of Mindanao Island for a party of anthropologists, accompanied by reporters and cameramen, found the tribe skinned, fruit-eating, known as Tasadays, living for them, seated on the ground and clay soil beside a all mountain stream, when they flew in by helicopter. Two aircraft lifted the tribe into a clearing at an altitude of 3,900 feet on Mt. Apo, near Lake Lanao, in Cotabato Province, 640 miles south of Manila. The tribesmen, barely five feet tall, with wavy hair and stained by constant use of betel nut, number about 15. Half of them are children. The Tasaday interview was shy, retreating people's contact with the outside world since they were "discovered" last month by Dr. Herbert Fox, an anthropologist. Their isolation was total in 1966, when a hunter and another tribe taught them to use animal traps, guns, and tools — a type of knife with a bamboo handle. The Tasadays then apparently withdrew once more their forest fastness until Fox, chief anthropologist of the Philippines National Museum, made contact with them. Members of a Government agency (NIA), who were making a survey of the district, wed suit.

In addition to their main task of bringing to an end violence and political extremism, Turkish martial law authorities are trying to regulate and stabilise daily life.

Tracking down extremists and their sympathisers for trial before a military court and closing or banning extreme Leftist and Rightist organisations remain a high priority. But the military authorities are still finding time, in the 11 provinces where martial law is effective, to deal with such matters as traffic, food prices, "bakhshish" (bribery), and even ethics.

Martial law commanders have complete authority to deal with such matters under the law on the state of emergency Parliament passed last month.

In Istanbul and Ankara, Turkey's two major cities, where traffic has been a mess for several years, regulations are being introduced and carried out for the first time. Specially-trained "traffic soldiers" are being posted in all key places in addition to the traffic cops and traffic lights.

Traffic in the cities went out of hand in recent years mainly because of an increasing num-

Martial aid for motorists

From SAM COHEN, in Istanbul

intervention" seems to have a widespread and warm support. "The new traffic order is a positive achievement of the martial law," hailed the Leftist daily "Aksam."

Military authorities in several provinces have also taken up the question of food price control. Competition in this country does not regulate prices. Middle men make large profits on meat, fruits and vegetables and force up prices.

This has been a chronic problem in large urban areas where civilian municipal authorities have for one reason or another failed to cope. Now martial law authorities are fixing prices of meat, vegetables, fruits, bread, and other substantial foodstuffs, and supervising the quality.

In Istanbul several food sellers and restaurants have been closed temporarily as well as being fined. Special municipal teams in Ankara led by

officers from the martial law office have been controlling the bakeries, restaurants, and hotels, and taking punitive measures against those violating the regulations.

At Diyarbakir martial law authorities have issued a list of conditions which bakery workers should respect, including daily shave, clean hands and nails.

Other orders of the martial law commands include:

● Street vendors in Istanbul asked not to shout to advertise their goods.

● Again in Istanbul, plying of bears and monkeys in the streets (a favourite gipsy trade) has been banned.

● Use of "bakhshish" in conducting official business in Izmir has been prohibited.

● Several hooligans disturbing women in Ankara have been expelled from the province.

● In all these major cities, the public has been asked to help foreign tourists.

● In Diyarbakir, parents have been requested not to exercise pressure on the teachers to ensure their children pass their class.

● Owners of buildings and doormen have been ordered to denounce "immoral and undecent" tenants in Ankara using their flats for call girls or sex parties.

Of all the measures which martial law authorities have taken, the enforcement of traffic regulations and the food price controls have enjoyed the largest popularity. "We feel now that there is law and order. The country was full of irregularities, illegalities, and now we feel the State authority," said a leading Turkish editor, who asked: "Isn't it sad that civilian rulers failed to enforce law and order and exercise authority even on minor things, such as traffic and municipal services?"

Israel boosts economy with oil discovery

From STEPHEN KLADMAN: Washington, July 18

Israel has made a major oil strike in the Gulf of Eilat that may come close to doubling her production. It is certain to provide a substantial impetus to the war-burdened Israeli economy.

The oil will generate many millions of dollars of sorely needed foreign exchange. Israel's reserves have fallen well below \$500 millions, which is considered the danger point.

The new well or wells are bringing in 70,000 barrels a day, Israeli sources say. Another source puts the present output at 24,000 barrels a day. The strike was made in April.

Israel, who produced almost no oil before the six-day war of June, 1967, has been pumping about 100,000 barrels a day out of the fields formerly Egyptian, at Abu Rudeis, about two thirds of the way down the Sinai coast.

In what appears to be a related development, the deputy Finance Minister, Mr. Dinstein, said last week that Israel would double the capacity of the 42-inch Eilat-Ashkelon pipeline by 1973.

The line can now handle 22 million tons a year. New pumping and storage facilities will increase the capacity to 45 million tons, and it will ultimately be able to move 60 million tons annually.

The completion of the pipeline last year and the recent discovery in the Gulf, which promises further finds, has made Israel an important factor in the world oil picture.

With the closing of the Suez Canal in 1967, the Eilat-Ashkelon pipeline, 160 miles long, became the world's largest oil conduit.

The other major Middle Eastern pipeline is the Trans-Arabian pipeline, or Tapline, which runs from Saudi Arabia to Sidon on the Lebanese coast. It has an annual capacity of 24 million tons and it was closed for 270 days in 1970 in a dispute between Saudi Arabia and Syria.

There are plans to build an Egyptian pipeline with a terminus at Alexandria, which would be either 42 inches or 48 inches wide. At 48 inches it would be the largest line in the world, but construction has not yet begun and it is uncertain when it will be completed.

Israel's production before the new discovery was sufficient in quantity to fill the nation's internal needs, but because crude oil varies in kind and quality, and because Israel wants to retain her sources of supply should she lose Sinai in a peace settlement, she continues to buy large quantities of petroleum.

Israel's main supplier is Iran. The Persian oil is brought by tanker to Eilat, which is capable of handling the largest tankers, offloaded, and either piped to Ashkelon for transshipment, moved through a smaller pipe to Haifa for refining, or carried by lorries to a refinery.

Israeli officials are touchy on the whole subject of oil but the area they are most reticent about is markets, because of political considerations.

The Abu Rudeis wells — 96 onshore and about 20 offshore, with about two thirds of the production offshore — are highly vulnerable to shelling and air attack from across the narrow gulf. But the biggest Egyptian field, El Morgan, is a few miles south across the water, presenting an equally appealing target for Israeli gunners and pilots.

Another consideration is that the Egyptians hope that the fields, with reserves of more than 1,000 million tons, will be theirs again one day.

The result is a gentleman's agreement, under which Israeli and Egyptian ships pass one another regularly and uneventfully in the Gulf and the atmosphere at Abu Rudeis is one of absolute peace. — Washington Post.

Agnew visits Spain

From our Correspondent

Madrid, July 18

The American Vice-President, Spiro Agnew, arrived in Madrid on Saturday on a 21-day official "goodwill" tour. He is the latest in a long list of American VIPs, including most of the US Cabinet, to visit Spain. President Nixon spent 24 hours in Madrid, last October. The Chairman of the Joint Chiefs of Staff, Admiral Thomas Moore, stood with General Franco on the reviewing stand during the annual victory parade last month.

Mr. Agnew was received by General Franco shortly after his arrival and later dined with Prince Juan Carlos. Tomorrow, he will meet the Spanish Vice-President, Admiral Carrero Blanco, before leaving for the southern coast for a private holiday with his family.

The US Vice-President has timed his visit here to coincide with the anniversary of the launching of the Nationalist "Crusade" on July 18, 1936. This is regarded in diplomatic circles here as a significant gesture, and indicative of the Nixon Administration's desire to strengthen its relations with Spain.

Six Trucial States agree to form Gulf federation

Dubai, July 18

Rulers of six Trucial States in the Persian Gulf agreed today to establish a federation aimed at ensuring political and economic stability after Britain's military withdrawal at the end of this year.

The adoption here of the constitution for the new federation by the six rulers represented a major breakthrough in attempts, which began three years ago, to knit the small Gulf sheikhdoms — Abu Dhabi, Dubai, Sharjah, Fujairah, Ajman, and Umm Al Qaiwain — into a viable union able to undertake its own defence.

After Britain announced its intention in 1968 to withdraw militarily from the Gulf, whose bordering States provide more than 80 per cent of West Europe's oil needs and 90 per cent of Japan's, efforts began to form a federation of all nine Gulf sheikhdoms.

But in the face of differences over the constitution, the larger States of Bahrain and Qatar are now expected to proceed to full independence, and the seventh Trucial State, Ras Al Khaimah, declined today to sign the new constitution.

The compromise federation of six will have a total population of about 190,000, and will be dominated by the oil producing States of Abu Dhabi and Dubai, whose combined annual oil income is more than £150 millions.

Britain has had special treaty relations with the Gulf States for 150 years, exercising responsibility for their defence and foreign affairs, and some internal administrative tasks.

The announcement of agreement on the constitution came after a week of discussions here between rulers of the seven Trucial States. Bahrain and Qatar, which are not Trucial States, and have different relations with Britain, were not represented.

Conference sources said the announced agreement on a federal constitution left the door open for the three other Gulf States to seek membership of the union if they wished.

A communiqué said a further meeting would be held in neighbouring Abu Dhabi, probably next month, to adopt legislation for the federal machinery and to discuss executive appointments.

The union's first President is expected to be Abu Dhabi's ruler, Sheikh Zayed Bin Sultan, with Dubai's ruler, Sheikh Rashid Bin Sa'ad Al Maktoum, as Vice-President.

Britain has offered to hand over as the nucleus of a federal force the Trucial Oman Scouts, an Arab force with British officers. In return Britain is to seek military staging rights in the Gulf for its East of Suez route. — Reuters.

Alan Smith adds from Kuwait: Almost all the major powers in the Persian Gulf had doubts about the chances for survival of the federation. Relations between them are tangled, but the basic division between those who have oil and those who are poorer has been overshadowed by the aspirations of the two richest sheikhdoms, Abu Dhabi and Dubai. They have been at odds over the precise division of voting powers in an 18-seat federal Parliament.

Dubai also wants special port and Customs provision for its extensive trade. Neither of the rulers is completely happy with the implications of majority rule or of sharing responsibility for defence and foreign affairs.

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All-race rule plan denied

Johannesburg, July 18

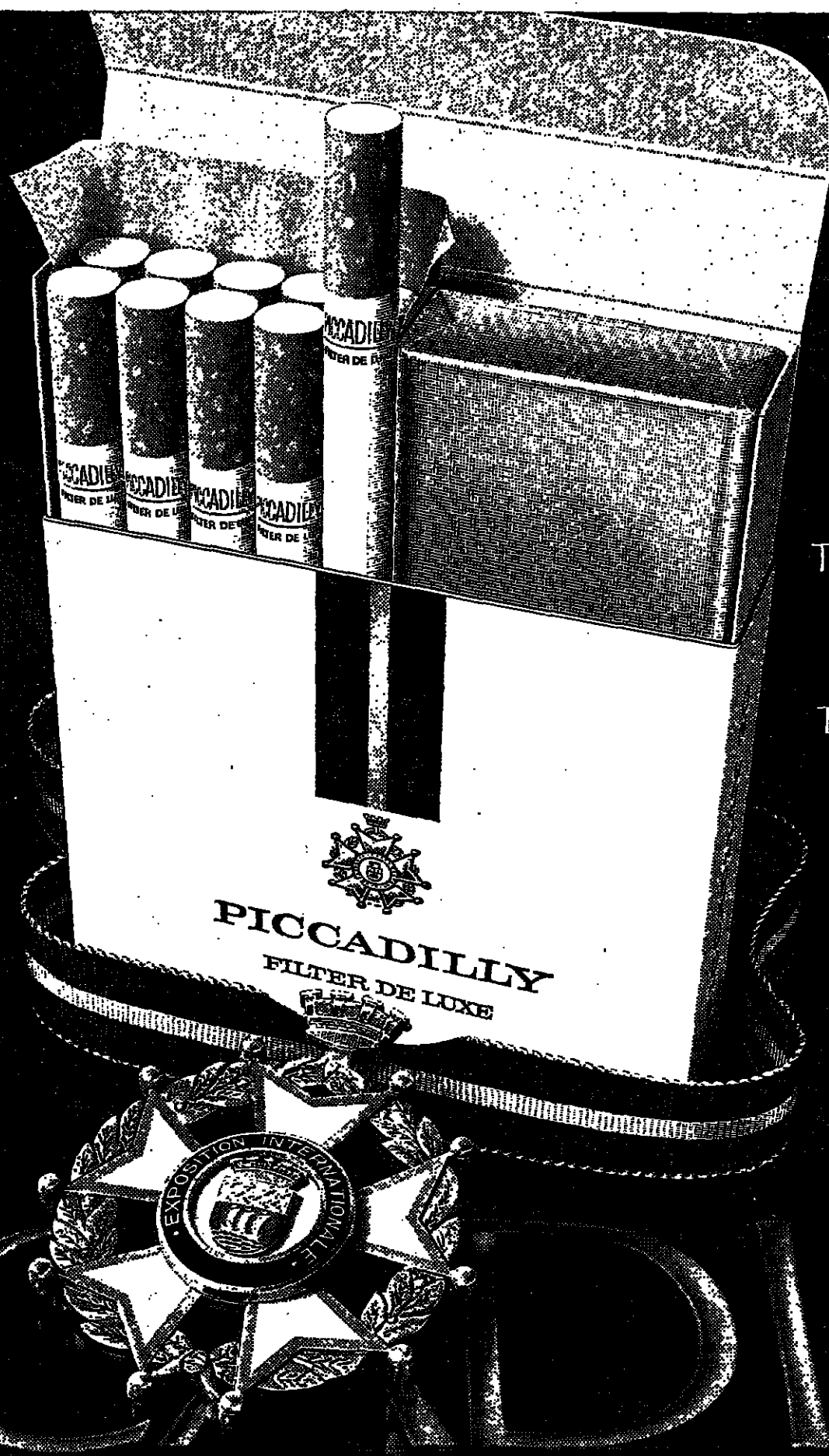
Mr. David de Villiers, managing director of South Africa's influential Die Nasionale Pers newspaper group, denied a report today that he supported the establishment of a multiracial "super parliament" to rule the country. The report was printed by the Durban "Sunday Tribune" today.

The article said that in an interview Mr. de Villiers said he would fight for the establishment of a "super parliament" in which all races would be represented.

In a statement today, Mr. de Villiers said: "I wish, at the first opportunity, to correct the erroneous presentation in the 'Sunday Tribune' of what I stated yesterday."

It added that Mr. de Villiers had mentioned as a future possibility an idea first advanced by the late Prime Minister, Dr. Verwoerd, "of a body in which the governments of the Bantustans (African tribal homelands) as well as of the white, Coloured, and Indian groups could be represented."

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PICCADILLY

Unions fear Tory route to Europe Why Wilson thinks the present EEC terms are not good enough

By HELLA PICK

MOST of the British trade unions have managed to arrive at an awkward sort of harmony over the Common Market. Issue. They are not united, because degrees of opposition vary quite widely, and some important unions—the railwaymen and the shipworkers among them—appear to be sitting on an uncomfortable fence.

But, significantly, in the talking and shouting that has gone on in recent weeks, only two shrill voices—those of the National Union of General and Municipal Workers and of the Clerical and Administrative Workers' Union—have been raised so far in complete support.

Waverers apart, their combined membership of less than a million faces the dual might of the Transport and General Workers' and the Amalgamated 2.75 millions. The two big unions, like 2.75 millions. These two are supported by unions across a wide range of industries, including the boiler-makers, the biggest printing union, most of the smaller unions in engineering, and a selection of white-collar unions, including the Civil Servants' Association of Scientific, Technical, and Managerial Staffs.

On sheer voting strength alone, then, there is no doubt where the TUC, affiliated unions stand on Europe.

Leftwingers in the trade union movement have tended, in previous arguments about EEC, to be caught up in a doctrinaire conflict. On the one hand, some have argued that the Common Market represents capitalism at its biggest (therefore its worst); on the other, entry into Europe has been proclaimed as a step towards true internationalism, and an opportunity for stronger ties with workers' movements abroad.

But the protests now being thundered from left, right, and centre in the trade union movement spring from economic objections and fears that have their roots in the policies adopted so far by the Government at home.

Mr Jack Jones, general-secretary of the Transport and General Workers' Union and a leading anti-Marketeer, has described the Government's White Paper on EEC entry as a mishmash of generalisations which fails to deal adequately with his members' worries about the effect of EEC membership on their jobs and living standards.

This is the first plank in the unions' anti-Market platform: that the White Paper leaves unanswered a number of important questions, and does little to allay the fears of those already unemployed, or fearing for the future of their jobs. As one union official put it: "It's no good telling a chap who is about to be made redundant at the Upper Clyde shipyards that the Common Market will open new opportunities. He wants the opportunity of a new job now."

There is little doubt that the unions, collectively, were predisposed to adopt an anti-Market stance because of the Government's continued refusal to reflate the home economy. Apart from the fact that an unemployed list of 750,000—probably reaching a million by early next year—is an unsound basis from which to project Britain into EEC (so the argument runs), the problems of the jobless themselves deserve attention first.

Mr Victor Feather, the TUC's general-secretary, gloomily predicts that the problems of Britain's high unemployment areas, such as Scotland and the North-east, will be aggravated, not helped, by EEC entry. He angrily accuses the Government of deliberately refusing to allow the home economy to benefit from an improved balance of payments, so that it can use the cash benefits to buy the nation into Europe.

As long as unemployment continues at its present uncomfortable level, Mr Feather claims, the unions will be unable to persuade the members to participate in the sort of productivity deals that are essential if British industry is to be competitive in Europe.

Nor, he might have added, are the unions trying very hard to do that at the moment: one of the automatic reactions to rising unemployment has been to foster a detestable resistance among union negotiators to new pay deals that include productivity strings.

Rising prices as a result of EEC entry worry most unions, as does the prospect of a halt being called to further nationalisation. In particular, the nationalisation issue troubles the boiler-makers who see public ownership as the only hope for an ailing shipbuilding industry.

FOCUS ON EUROPE: Geoffrey Whiteley examines how the unions have achieved an awkward harmony over the Common Market.

The electricians' union alone has decided to ballot its 393,000 members to see what they—as opposed to the union executive—think about the Common Market. While the decision has, conveniently, meant that the electricians have been able to abstain from commitment in any vote taken in the labour movement at the moment—arguing that their members' views must be made known first—it nevertheless remains a fact that at the end of the day the electricians will be the only union able to boast an accurate reflection of its members' views.

This is, possibly, the main criticism that can be made of the unions' tactical approach to the Common Market issue. The great debate that has for long been demanded by most union leaders, "when the terms of entry are known," is being conducted in executive committee-rooms and conference halls by those to whom political considerations are often as strong as industrial or social ones.

The debate has yet to reach the factory floor where it belongs and shows little sign of doing so unless the unions that are demanding a referendum practise a little of what they preach and ballot their members.

Furthermore, the unions have shown little sign so far of looking beyond the debate itself to the eventuality of Britain's becoming an EEC member. Britain would add to the Common Market's present labour force something like 25.5 million new workers, 10 million of whom will be represented by British trade unions.

The British labour force within EEC would be roughly the same as that of Germany, which is at present the largest national work force in the Common Market, all of which ought to give unions in this country a keen interest in international organisation and cooperation.

Internationally, the trade union movement is not at its best: Europe is split between the anti-Communist International Confederation of Free Trade Unions and the Communist-orientated World Federation of Trade Unions, between whom there is considerable friction over spheres of influence.

Car and chemical workers in Britain and Europe have cooperated in some recent disputes. The threat by Henry Ford a few months ago to move production out of Britain brought the strongest promise of support from Europe for the British Ford strikers, and probably did as much as anything else to bring vehicle workers in Britain and Europe closer together.

But there remains a dearth of ideas for making British unions more international in their day-to-day operations, even though some experienced observers believe that the first European car workers' agreement is only a matter of a few years away.

The British union movement could reasonably argue that in the past few years it has been so occupied on the domestic front—two industrial relations Bills and a Prices and Incomes Act have kept it fairly busy—that there has not been much time to build organisational bridges into Europe.

The TUC-affiliated unions, however, have a great deal of experience and expertise to offer a European trade union movement which is diffuse by their standards. And the need for a tighter European trade union movement will increase whether Britain enters EEC or not—but particularly if it does, as unions everywhere are to meet on an equal basis the expanding multinational companies.

Mr Harold Wilson told the Labour Party conference on Saturday that the entry terms now before Parliament are not the terms that he would have recommended. But those members of the Shadow Cabinet who were most closely involved with Britain's attempts to join the Community think differently.

Mr George Thomson, who would have been Labour's negotiator, has said he would have accepted the terms. So has Lord George-Brown, who was with Mr Wilson on the tour to sound out the Governments of the Six before deciding to make the 1967 application.

Mr Michael Stewart, who was Foreign Secretary during much of the relevant period, as well as Mr Harold Lever, the Shadow Minister for Europe, have both said they could live with the terms now negotiated. But Mr Wilson has now told them that if the present terms are accepted, the suggestion that they can be approved is "irresponsible."

Mr Wilson's attack on the terms negotiated by the Conservative Government concentrated on four key issues—budget contributions, capital movements, sugar, and New Zealand. He also mentioned fisheries and regional policy, and went on to question the character of the Community.

He threatened that Mr Heath might want to use Community membership to establish a European nuclear defence force that would give Germany a hand on the nuclear trigger.

Precondition

Objectively, Mr Wilson's attack must be set against the political background of, first, the Labour Government's, and now Mr Heath's effort to bring Britain into the EEC. During their soundings before the 1967 application, the six countries told Mr Wilson and Mr Brown that they must, as a precondition, accept the Treaty of Rome and subsequent decisions under that Treaty.

It was said plain that negotiations would have to be limited to transitional measures to help Britain adapt to membership, and safeguards for Commonwealth countries. Mr Wilson was left under no illusion that Britain, while she was negotiating for membership, would be able to seek changes in the common agricultural policy or in any other major Community policy. The negotiations were to be about temporary matters, not about permanent change.

What Britain might do as a member of the Community was another matter. Clearly, Mr Heath has acted on the advice of M Jean Monnet, has always given: Get in first, and then attempt to negotiate on the fundamentals as a member of the club with equal standing.

Mr Wilson reminded the Labour Conference that his 1967 soundings led him to recommend the application to join the Community. In that application, Britain "in principle" accepted the Treaty of Rome and all subsequent decisions.

Essentially what Mr Wilson was seeking was political assurance—rather than economic terms—that the principle of British membership would not run up against another French veto. In the event, he obtained strong support from five community countries, while from General de Gaulle, he believed that he had just enough encouragement to make the application worth while. De Gaulle eventually said "No" for a second time, and the veto came before the Labour Government had been able to embark on detailed negotiations.

Initiative At The Hague summit in 1968, M Pompidou, now president of France, took the initiative in proposing new enlargement talks. But he made it clear that this would be acceptable to France only if the others first agreed on the so-called completion of the Community, which involved agreement on a system of financing the Community's budget.

The system meant that the Community would become self-financing and would no longer be dependent on annual votes of money by national parliaments. This was agreed just before Christmas 1969 and set out that the Community's budget would be fed from the proceeds of each member's customs revenues, import levies on food imports from countries outside the EEC, and from a small percentage of a value added tax. The Community gave itself a transition period until 1978 before the system would become fully operative. Meanwhile contributions would be drawn from these sources, but would be limited by a key that related to

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The EEC is committed to free movement of capital, but it is not yet fully implemented. The whole question of capital movement is bound up with the future of the sterling balances, as well as progress towards the EEC now dormant projects in economic and monetary union.

Both the Labour and the Conservative Governments have always maintained that Commonwealth interests must be safeguarded. Mr Wilson no longer says he would have insisted on better terms than Mr Heath obtained, but he has not spelled out what kind of "bindu arrangements" he would have sought. He suggested that had obtained an impression from the Six during his 1967 soundings that they would be much more for New Zealand. But there is no evidence that General de Gaulle has been in a generous mood about New Zealand.

Realism The French concessions Luxembourg last month were further than Britain's negotiators had expected. This was the result of President Pompidou's political decision to bring Britain into the Community, a French realisation that if British Government needed a seal of approval from the New Zealand Government, before it could recommend the terms to Parliament. The New Zealand Government has approved just as the sugar-producers of the Commonwealth have endorsed the terms reviewing their situation in the Commonwealth sugar agreement expires.

The Government does not accept that the cost to Britain of the common agricultural policy—even during the transition period—has been underestimated. As for negotiating changes in that policy or in the Community's financial rules, it was made clear to Mr Heath that none of the Six would be willing to consider this in the context of the enlargement negotiations.

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Why Wilson thinks the present EEC terms are not good enough

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Schumann tours Scandinavia Anger on How entry can help islands

By a Correspondent

The French Foreign Minister M. Schumann, leaves Paris today on a six-day Scandinavian trip which will take him on official visits to Denmark, Sweden, and Norway.

The major point of interest in talks arranged with Scandinavian leaders will be the Common Market, which Norway and Denmark are likely to join now that Britain has negotiated entry.

Sweden, though not seeking membership, wants a special relationship with the Market, but is experiencing problems in getting exactly what it requires.

However, France has accepted the principle of an enlarged Market and M. Schumann, who was chairman of the Market's Council of Ministers during the crucial discussion on British entry, is not likely to confront the Scandinavian countries with any insuperable obstacles. In any case, French officials stressed that he was not in any sense going to Scandinavia as a negotiator.

He is due in Copenhagen this morning to start his trip, then moves on to Helsinki and Stockholm on Wednesday, before leaving for Oslo on Thursday. He returns to Paris on Saturday.

M. Schumann will be received by the Kings of all three countries and will meet their Prime Ministers and Foreign Ministers.

It is the first time a French Foreign Minister has made such a trip in 10 years, though there are no obvious political reasons for the visit to the Scandinavian trio.

Denmark and Norway are trying to get the best terms possible before they take the big plunge into the European Community. These terms will be hammered out in Brussels.

The "Keep Britain Out" campaign has angered Conservatives in the Knutsford constituency in Cheshire. The campaign has posted ballot papers for a Common Market "referendum" to voters in Macclesfield, where a by-election is pending, "because at this time you have no MP to represent you."

But scores of ballot papers have also been sent to voters in Alderley Edge, according to a Conservative Party spokesman. "And that is in the Knutsford constituency, which very much does have an MP." The MP is Mr John Davies, Secretary of State for Trade and Industry.

The spokesman said: "An official complaint has been lodged. Apart from the fact that the so-called referendum for Macclesfield will have no meaning now because of this boob, there is great concern in Knutsford that there should have been this confusion."

Mr Jo Grimond's disenchantment with the Common Market seems to have dissolved sufficiently for him to allow that his own constituency—Orkney and Shetland—could gain regional benefits from entry.

In a weekend speech to NFU members in Orkney, he said that Mr Mansholt, one of the EEC's best known Commissioners, had predicted that five million farmers would leave the land as part of the Community's policies. In fact, the Mansholt Plan was giving effect to what was already happening.

Mr Grimond said: "It is apparent, however, that whether we go into the EEC or not, we shall have to do some serious thinking about the position of small farmers and the possibilities of alternative employment." He spoke of the experience of Schleswig-Holstein, one of whose

Ministers had told him that the province's agriculture had benefited from German membership.

This experience was true of other European areas, especially if governments used EEC membership to boost regional development schemes.

"Regional development is a matter for the home governments and not for the EEC," he said. "We should be embarking upon a large scheme designed to strengthen the infrastructure of the North by improving its air, sea, and land transport, encouraging tourism, which has been done on a large scale in different parts of Europe—diversifying employment and ensuring, by developing better marketing, that our existing industries are in a position to exploit the European market."

'Dodgers' attacked Wilson's 'one aim'

A revived economy would deprive some of Labour's Commonsense "dodgers" of the camouflage by which they were trying to disguise their contemptible retreat, the Liberal leader, Mr Thorpe, said at Beverley, Yorkshire, at the weekend.

The encouraging trade figures for June provided an opportunity for the Government to break out of restriction and depression, he said. "The Government should relax the squeeze, use the Regulator to reduce the costs and stimulate the sales of some goods."

Mr Wilson has dropped all pretence of weighing the arguments for and against the Market. Mr Duncan Sandys, Conservative MP for Streatham, said yesterday.

The Opposition leader had made it unashamedly clear at Saturday's special Labour conference that his main objective was to get the party and himself back into office. Mr Sandys said in a statement. Mr Sandys is founder of the European Movement and a member of the European Consultative Assembly.

Radical campaign

A group of Young Liberals plan to cross the Channel with passports next year as part of a campaign to focus public debate on a "radical" perspective of Europe and to establish a framework for a radical European movement. This was decided yesterday by the Young Liberals' national council meeting at Newcastle-under-Lyme.

The campaign will include the setting up of national and local "radical Europe" groups. Mr Peter Hain, chairman, said Mr Heath's concept of the Common Market was too inward looking. It sounded more like a united businessmen's club instead of a United Europe.

Welsh people have a special contribution to make to the EEC, Sir Trefor Bevan, chairman of the Conservative Group for Europe, said at Llandrindod Wells yesterday.

He told a Conservative conference: "You know how sovereignty can be shared without any loss of national identity, or any sacrifice of your language, culture and traditions."

KINGDOM OF MOROCCO

MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS INDUSTRIAL DEVELOPMENT DEPARTMENT. (R.E.I.) COMPETITION NOTICE

The supply of the Atlantic Coast between Rabat and Casablanca with drinking water.

The Department of Industrial Development of Morocco (Régie des Exploitations Industrielles du Maroc) as part of the Drinking Water Project, to be carried out with the collaboration of the World Health Organisation, intends putting in work to be carried out in the development of drinking water supplies to the Atlantic Coast between Rabat and Casablanca starting with the dam under construction on the OUBOU-REGGEG.

This work will be carried out with the financial assistance of the International Bank for Reconstruction and Development (Banque Internationale pour la Reconstruction et le Développement) and will involve in particular the following:

- A Water Tower 50 metres high and a supply gallery 2.80 metres in diameter and 2,800 metres long.
- A pumping station with flow-back channels, sized for a 4 cubic metre supply at the first stage with capacity 14 cubic metres in the final stage.
- A processing station of a capacity of 3 cubic metres with a future extension of approximately 13 cubic metres.
- An installation of supply channels to SALE, RABAT, the coastal centres MOHAMMEDIA and CASABLANCA.

The R.E.I. are launching immediately, 4 competitions relating to the following undertakings:

- Civil engineering for the water hydrant and the gallery.
- Hydro-mechanic equipment for the water hydrant and the gallery.
- Elevation section and hydraulic equipment for the pump station.
- Processing station.

Eventually the competition or offer to tender necessary for the entire first phase of the work will be announced in the press. Those concerns or groups interested in one of the above-mentioned competitions may obtain the necessary information on the work to be done for each of these competitions a questionnaire and a sample of the application form at following addresses from July 15th 1971.

Régie des Exploitations Industrielles (R.E.I.)
Rue Patrice Lumumba
RABAT-MAROC
SAFEGE, CHEF de file du Groupement d'Ingénierie
Conseils, SAFEGE-SAEM-SCET International, ch
des Eudes.
76-78, Rue des Suisses
92-NANTERRE-FRANCE (Tel.: 204.73.25).

The application form and the statement of information duly filled in, must arrive by registered post, no later August 24th 1971 at the following address:

Régie des Exploitations Industrielles (R.E.I.)
Rue Patrice Lumumba
RABAT-MAROC.

Labour still lacked a stance on EEC entry after Saturday's conference. Neither anti- nor pro-Marketeers won the day: the only success went to the NEC, which gained itself more time. Mr Wilson is to put a 'clear proposal' before the NEC on July 28. The party conference in October will make the 'definite decision.'

Labour and EEC

Report by GEOFFREY WHITELEY and MALCOLM STUART

The Labour Party executive gained a tactical victory in the opening minutes of the special Labour conference on the Common Market in London on Saturday when they were able to put off the embarrassing anti-Market line by the vote of the delegates.

Mr Alfred Morris, MP for Lancashire, Wythenshaw, wanted to refer back the National Executive Committee's statement to conference that it would meet on July 28 to agree the light of the proceedings of the special conference on July 17 on a definite resolution on Britain's entry into the European Communities on the terms contained in the Government's White Paper.

Instead, Mr Morris proposed that the party "should oppose the terms negotiated by the British Government as set out in the White Paper and before the terms should be submitted to the British people by general election."

Mr Morris told conference: "The Conservatives and the confederation of British Industries have taken their decisions. While we wait, our opponents are campaigning. The agreement is awaiting our decision and shall lose valuable time unless a decision is taken today, it is the time for a decision."

Mr James Callaghan, speaking on behalf of the National Executive, said: "We called this conference because there was the possibility that a decision may have been needed in July and we did want to be caught short. We told the Conservatives we would not do."

Missionary zeal

After Mr Heath had seen "omnipotent" he returned from office with all the zeal of a missionary stepping ashore to convert the natives. The Parliamentary Labour Party, assisted by some Tory backbenchers, wanted an immediate decision despite the Prime Minister's impetuosity. We forced a parliamentary decision on July 10 to October.

We are going to have a full examination of Ministers in the Commons next week. We will produce a report, a deal of information. We then have our own monthly meeting and reach our conclusions and publish them."

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white collar workers, supported Mr Morris. The vote for the National Executive Committee was won when the National Union of Mineworkers decided that, although they were against the Common Market, they had no mandate to vote against the conference agenda.

Then the debate opened with Mr Ian Mikardo as chairman picking pro- and anti-Market speakers in turn. For the most part he managed to work to a logical basis, inviting arguments from constituencies, MPs, unions, and the many other groups represented at the conference.

PRO: First, in favour of the market, came Mr Stanley Henig, former MP for Lancaster. He believed that only socialism on an international scale could cope with the "transnational companies" which he believed were now dominating world trade.

"I believe that socialism in one country alone is an impossibility. I believe if we get several countries together then we can get a socialist system," he said.

ANTI: Mr Ray Epps, from Brighton, Kemp Town, said the Labour movement wanted no part of a capitalist Europe. "The working people of this

country will have to bear the brunt of the price of entry into an improved standard of living for their families," he said.

PRO: Mr Roy Grantham, of the Clerical and Administrative Workers' Union, said that any effective United Nations Organisation would have to be based on 10 or 12 roughly equal groups in the world, of which Western Europe should be one. He said that Europe's former colonies should be able to benefit from our wealth by terms of association.

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the Milford Haven fishing industry. Mr Curry claimed there were now serious doubts on whether the economy of Britain was ready for entry.

"I believe we shall regret entry," he added. "I remember Nye Bevan saying, 'You do not tame the forests of the jungle by planting more trees.' To enter will mean putting our own economic future at risk."

Then came the first visitation from above. Labour's MPs and parliamentary candidates sat in a gallery above the main floor of Central Hall, with their own microphone but without a warning light to tell them that the five minutes allowed for each speaker were up. First it was the turn of Labour's former Common Market negotiator, Mr George Thomson, MP for Dundee East.

PRO: Mr Thomson said that, although the terms offered were not ideal, "in the Labour Government we did not expect ideal terms to come out. Every trade unionist here knows that you

never get perfect terms from a bargaining session. You do not go into negotiations prepared to accept only perfect terms. You do not negotiate unless there is a reasonable chance of compromise."

He said the negotiators had to think in terms of Britain's future, and with a domestic market five times bigger than that of the present domestic market, the cost of the entrance fee was worthwhile because of the higher living standards which must result.

ANTI: The second ex officio speaker was Miss Diana Jenda, the very anti-Market candidate in the Macclesfield constituency who made a neat by-election speech in which she feared the effect of the Market on the workers, housewives, pensioners, and farm labourers of the Macclesfield constituency.

In the last minute of her speech, however, she left Cheshire to say: "The Government knows which industries will suffer from entry into Europe, but it refuses to tell us. This shabby business is all that we have from them."

PRO: The attractive Miss Jenda was followed by a very pretty speaker from the floor, Mrs Helen Brown representing Rushcliffe, Nottinghamshire. "We do not accept the paralysing pessimism that we have seen from our Labour leaders on TV recently. That was not the position when Labour was negotiating for entry in 1967."

ANTI: Mr Clive Jenkins, general secretary of the Association of Scientific, Technical, and Managerial Staffs, said he wanted to look at the realities of the situation. "We have been invited to join a fraction of Europe and I want to look beyond that fraction. When you look at the Six, if the glittering vision given to us of the stable expanding countries was in any way true, I would be a pronounced Marketeer."

"But look at the realities. France is strongly in the grip of a civil war within a decade. Belgium is riddled by internal factions, and it is in the hands of a few trusts. In Italy there is a considerable danger of a military coup. Even in Germany, the Government is in control by a very slender margin indeed."

"What we have really is a crude deal—access to bigger markets in exchange for support for inefficient but politically powerful farmers. Industry has the opportunity to make a bit of money at the expense of supporting a few dubious governments."

"It means more power for the cartels. Every supranational company wants us in. They would be able to move across frontiers as if they were invisible. They would be able to make engines here, bodies there, wheels somewhere else—all controlled by mysterious executives answerable to no single country."

ANTI: The most powerful union voice in the land against the Market is that of Mr Jack Jones, general secretary of the Transport and General Workers' Union, and he said that his union had declared that the terms would seriously increase prices, increase unemployment, and destroy our political and economic independence. He urged Mr Wilson to "give a lead to the party to prevent a betrayal of the British people."

Mr Jones said his views represented those of the ordinary people. "The Government cannot hide the fact that there will be a major cut in the standard of living if we go in. Industrialists are not going to turn Santa Claus and increase our wages."

PRO: Then came the most important union leader in favour of EEC entry, Sir Frederick Woodward of the General and Municipal Workers. He said his union had been consistently in favour of entry since 1962, and agreed with Mr George Thomson that the negotiated terms were acceptable.

"Of course, if you are for or against, you tend to seek evidence to support your point of view," he said. He said that Mr Thomson deserved a tribute for the courageous stand he had made.

"My own belief is that the Market will improve our standard of living. If we are to survive I can see no alternative to entry. Successive governments, Tory and Labour, have not yet found an answer to our malaise."

ANTI and PRO: From Bristol came speakers in favour of EEC entry, Mr John Ellis, former MP for Bristol NW, said the port looked out beyond Europe for its trade, and that its chemical and fertiliser industry would not be needed by the inefficient farmers of Europe.

He also claimed that tax evasion, widespread in Italy and France, would mean that Britain, with its efficient Inland Revenue officers, would be carrying an unfair burden.

Mr Arthur Palmer, MP for Bristol Central, said that 900 men were out of work at Avonmouth because of a decision to stop exporting zinc there to Australia. "That's not in Europe," he said. He said the choice was between becoming part of the American economic system, with no voice in it, and to becoming part of the European Community in which we should have a major voice.

When Clive Jenkins talks of the riots of Brussels, he has forgotten Northern Ireland. And when he talks of reactionary governments in France, he has forgotten Edward Heath.

ANTI: The last speaker in the morning session, Mr Tony Judge, of Salford, countered Mr Stanley Henig's claim that a united Europe might be able to influence unhappy overseas situations. Which country is supplying arms to South Africa? Who is breaking the Rhodesian sanctions? he asked. He claimed that the common agricultural policy should have been called the "criminal agricultural policy."

"To combine surplus with high prices in a hungry world is a criminal action," he said.

PRO: In the afternoon, Mr Roger Evans of the Society of Labour Lawyers, claimed that the Treaty of Rome provided a perfectly adequate framework

for the achievement of socialism in Europe. There was not a single word in it to prevent nationalisation. Why, then, was there had been one of the tragic misapprehensions of the Labour movement, and of the trade unions in particular.

ANTI: Mr Eric Heffer, MP for Liverpool, Walton, told the conference that he had once believed that Britain could become part of an international Socialist Europe by joining EEC. "I don't believe that now and I didn't change my mind last week. I made my position clear in April 1970 before the last general election, based upon a careful examination of what was happening in EEC," he said.

He pointed out, in answer to Mr Macintosh, that the main burden with which the last Labour Government had had to contend had been a balance of payments deficit. The present proposals would promptly add £500 millions more to that deficit.

We would also have to accept the free movement of capital and the common agricultural policy, which even the pro-Marketeers did not attempt to defend. The steel industry would be left without the slightest guarantee that it would be able to carry through its development programme.

The present Government's negotiators had not even sought the answers to these problems, he said.

ANTI: Mr Hugh Scanlon, the president of the Amalgamated Union of Engineering Workers, strongly criticised the way in which the conference had decided to deal with the issue. He described it as an exercise in futility, and declared: "It is our belief that, if a conference is called, it should make a decision, or no conference should have been called at all."

He made it clear that his own union was completely opposed to Britain's membership of EEC.

MR WILSON, replying to the five and a quarter hour debate on behalf of the national executive committee, explained that he would place a clear proposal before the executive on July 28, in which he would take full account of all that had been said at the conference.

He continued by reminding delegates of the Labour Party's policy announcements on EEC entry in the few years. The party's policy had continued to be the same in Opposition as it had been before the election, and Mr Wilson recalled that he had told last year's party conference of his confidence in Britain's strength to meet the Market challenge, if the terms for entry were right, and equally, to be able to stand on our own feet outside the Community if the terms were wrong.

The decision to be made by the party's NEC on July 28, and that subsequently taken by the party conference in October, would be fully consistent with what had been said over the past four years or so.

"Never have we said—or is a single word we, or I, have ever said—that we have to accept whatever terms emerged. We reserved the right to judge the terms of entry against the potential benefits, and on that basis, and on no other basis, for or against entry."

He went on: "I reject the assertions, wherever they come from, that the terms this Conservative Government have obtained are the terms the Labour Government asked for, would have asked for, would have been bound to accept."

"Those terms, which we set out in detail in the Labour Government's White Paper of July 1967, and indeed made clear to Europe, are not the terms now before Parliament. It is irresponsible for anyone who knows the facts to assert otherwise."

Mr Wilson recalled that Labour had laid down four principal conditions. Firstly, "utterly vital to any assessment of the cost of entry in relation to the benefits"—was the burden on the balance of payments. How large was the burden? It was a closely guarded Government secret, said Mr Wilson, reminding conference that in 1967 Labour's estimates were of the order of £275 millions to £350 millions a year. Since then, the rules of the Community, as they would affect Britain's balance of payments, had been fundamentally altered, and clearly the burden emerging from the terms this Government had brought home would be very much larger than those estimated by Labour.

The figure of £500 millions had appeared in newspapers three weeks ago, and in spite of denials by Mr Rippon, he believed that this figure had originated with the Government.

"Why has the figure been suppressed in the White Paper, except for the one purpose of darkening counsel? Why has the Government denied to the British people the information they need in forming their views on the advantages and costs of entry into the Market?"

The second vital condition was that of capital movements. One or two of the worst speculative movements experienced by the Labour Government occurred when Britain was just moving into the strongest balance of payments surplus it had known for years.

At the time, Britain had all the safeguards that could be devised and enforced against such irresponsibility, but Mr Rippon had now negotiated away those safeguards and had "greatly endangered our reserves, our employment position, our ability to build up capital investment in industry," said Mr Wilson.

The third issue was Commonwealth sugar. Mr Wilson claimed that the Commonwealth Sugar Agreement, negotiated by a Labour Government more than 20 years ago, had provided a secure and assured market, with guaranteed prices to producers over a wide range of the Commonwealth. Labour had insisted, in its talks with EEC, that the interests of Commonwealth producers must be safeguarded, but the terms now brought back from Brussels carried no such safeguards.

Fourthly, said Mr Wilson, there was the question of trade with New Zealand. "I do not question the sincerity of others about Europe," let them not question my commitment over many years to the Commonwealth, and especially New Zealand," he said.

Essential part

Cheap New Zealand food was an essential part of the standard of life of nearly every family in Britain, he claimed, adding: "I would not have recommended the Labour Cabinet to make the application for entry into the Market except on the basis of assured and continuing access into Britain of New Zealand produce."

"In my view, the Conservative Government, in their rush to obtain terms—any terms—sold the New Zealand interest short, and for that reason, the British interest short."

"I cannot accept, and never have accepted, that the test of a good European is one's willingness at great cost to subsidise inefficiency, nor that the desirable objective of great political unity in Europe cannot be realised except at the cost of a burdensome £500 millions subsidy to French agriculture."

The terms brought back by Mr Rippon were said to be the best the British Government

could have got in the circumstances. "That is not good enough for us. You do not judge your pliancy on whether he did his best. You've got to ask whether his best was good enough."

Mr Wilson added: "I state categorically that, whatever the outcome of the negotiations, I would not have been a party to a Labour negotiator approaching this vital sector of the negotiations on the basis with which the Conservatives were satisfied."

Mr Wilson went on to ask what other hopes lay behind the mask of generalities and statistical obscurity. Mr Heath's Market vision appeared to embrace a further prospect, not held by Labour supporters of entry into Europe. If Mr Heath was putting his hopes now for political reasons, he had repeatedly made it clear that his vision was of a Europe involved in a degree of defence integration that none in the Labour Party would accept. Right up to last year he was urging the pooling of nuclear weapons within Europe.

Cold War language

If Conservative policy at any time were to be directed towards a nuclear component in a United Europe—a Europe including Germany—any hope of a constructive reconciliation between Eastern and Western Europe would disappear.

At a time when horizons not known since the end of the war were open—in Russia, Washington, and Peking—Mr Heath was couching his language in the aridities and interferences of the cold war.

Turning to the course of action to be followed by the Labour Party, Mr Wilson urged his supporters to work towards a clear decision, then to press home their attack on the present Government.

"Our people have already had more than 12 months experience of the Tories, of brazenly broken pledges, of policies deliberately directed to strengthening privilege and deepening inequality, of prices up at a stroke, of unemployment up at a stroke. Now, at the third stroke, he tells those who believed him last year that entry into the Market on the terms he has negotiated will mean higher and assured standards of living. Rosy prospects, but we heard them in that same voice last summer, and now it commands neither credence nor trust."

He reminded conference that the Conservatives' election manifesto merely said: "Our sole commitment is to negotiate; no more, no less." The nation had fought to know why that was, and why it was impossible to live without in 1971, whatever the terms.

Here is the 8 o'clock news.

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Homes and holiday hotels provide for the elderly and for those unable to return to a family environment.

Then there's our Braille literature and Talking Book Service. And over 300 special aids that are essential to the daily life of thousands.

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HAMLET

AND IAN McKELLEN



picture by FRANK MARTIN

IAN McKELLEN has that quality without which an actor has nothing. He makes you watch him. His "Hamlet" has toured Italy, Germany, Holland, Austria, and the English provinces, and comes into the West End on August 3. He has seen so much of it that you would think he would take things easy at rehearsals. But at a run-through at a rehearsal hall in a scrubby part of London WC 1, a run-through not for his benefit at all but simply to get a new Claudius into his part, McKellen was being a most convincing prince just by his listening attitudes as Claudius addressed him.

Then, when the session ended, we walked to a restaurant for lunch. Mr McKellen pushing his mop so that he could get back quickly afterwards. It passed through my mind that Donald Wolfit would not have been seen dead pushing a mop.

Over lunch I put the name Wolfit to him, and he said "Yes" and then silence. And when he was explaining that a largeness of style was necessary in large provincial theatres, and I did not think of him as a bit of Irving, he only half agreed. He is sick of being called the So-and-So (insert name of prominent dead actor) of his generation. Mr McKellen, I think, prefers to be thought of as the McKellen of his generation.

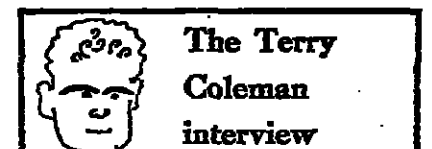
He was born in Burnley 30 years ago, and brought up in Wigan and later Bolton, where his father was a borough engineer. He considers that he came in at the tail end of the last generation to be brought up on the theatre rather than the cinema and television. His family never went to the cinema, but frequently to the theatre. At three he was taken to "Peter Pan" and remembers asking if it was a real crocodile. His first understanding of the theatre came in Wigan market, watching the quacks selling all-sorts, etc. etc. He noticed very quickly that the marvellous man selling hair-remover wore a wig.

At Bolton this understanding increased. His father knew the man who ran the music hall, the young McKellen was allowed to go backstage, and first house every Monday, he was standing in the wings. There he observed the difference between the artist waiting to go on, shouting at his wife or at the stage manager, having come from a filthy dressing room, and the same artist when he stepped onstage to go through his act in an immaculate satin suit, a suit which was immediately taken off because it was the only decent suit he had, and then the man went into the next door before the second house—for half of him. The transformation from man into artist was the Big Secret.

From school, McKellen won an exhibition to Cambridge. He was best at geometry, and still retains an ability to do crosswords, but never discovered he could easily write essays about Shakespeare, so he read English. At Cambridge he was a contemporary of Trevor Nunn, who then had a good



McKellen as Hamlet



McKellen as Richard III

line in playing old man's parts, and Margaret Drabble, who played Masha to his Chebutkin in "Three Sisters," and whom he much admires for her acting, her starred first, and for having since brought out three children and five novels.

He nearly went into teaching, being unable to think what else to do with a degree in English, but the News Chronicle gave him a good notice for Justice Shallow, which revived his childhood ambition to go into the theatre and convinced him for the first time that this was possible, and that actors did not come from heaven.

He went the usual round of the repertoires—Coventry, Ipswich (where he played in "Aladdin"), and Nottingham, and then came to the National Theatre where he didn't do very much. He was offered a three-year contract there, but did not like the idea of three years not knowing what he might be asked to play, so he thought he would see what happened if he put himself on the open market.

What happened at first was an adventure film with Gregory Peck in Switzerland. Mr Peck was playing the part of an English colonel with lines like, "Cut the crapdoodle lootenant, this isn't a cocktail party." McKellen suggested Mr Peck ought at least to say "leftenant" but was told by the director to shut up, since England was only 5 per cent of the world market. The film was supposed to be set in summer, but shooting was delayed so long that it began to snow, and they all went home.

Then after a year or so the two performances which made his name, and made money in the West End—Richard III and Edward III, golden parts with eloquent hands and eloquent eyes, and anguished howls where called for by the text, marvellous theatre, an exposition of the Big Secret, the translation of the man with a mop into suffering kings. It was then, according to McKellen, that people began to greet him assuming that he assumed that he was well known. Critics also began to call him a nineteenth-century actor. How did that strike him?

It struck him, he said, that they were in a quandary. They didn't know what to make of it. They had been hoodwinked into believing that the star system was gone for ever, replaced by the ensemble playing of the companies. But in fact, he said, look at the companies; look at the National this season, with Plummer and Scofield. But the critics believed that new forces in the theatre were striding away from the nineteenth century. They were used to Vivien Merchant, and then they saw him, McKellen, flinging his lines about; they saw it worked, but they had run out of vocabulary and could only say it was old fashioned.

Mr McKellen then said he supposed I was going to say I had read Gareth Lloyd Evans's notice of "Hamlet" in the provinces. I carefully admitted I had read it, and remembered some-

thing about McKellen "singing the sides of rant."

That said, McKellen, was the kindest thing he wrote. He didn't just take a little revolver and shoot him (McKellen) through the heart; he used a cannon on him.

Trying to get the talk away from cannons, I mentioned that Mr McKellen's hands were very mobile onstage, and that now I saw them over a lunchtable they did seem to be his hands, didn't they? (He is not a big man, but his hands are huge.) He said they were murderer's hands; so we were back to death. I said I should prefer to call them spinbowl's hands.

But there was no getting away from critics, whom McKellen studies closely, so I asked how his ideal notion of "Hamlet" would go.

He said: "I'd like it to begin or end by saying Ian McKellen has never acted so well."

I suggested that had better come at the end, as a punch line, and asked what else.

He replied that the notice should describe the production as genuinely original without being gimmicky, and say that it was based on an intelligent, honest reading of the play.

Having established that, he went on to explain the difficulties of acting a play which is so well known. Mr McKellen is obviously searching for what would nowadays be known as a radical alternative. He says the reverberations of other people's productions, this quite unsought-for knowledge of the play, must be swept aside.

But how could he get out of his mind the ideas of Olivier's film of "Hamlet," with its assumption that this is the tragedy of a man who cannot make up his mind? Mr McKellen thinks this assumption is wrong, and insists Hamlet is determined to kill Claudius, only he has first to be sure he is guilty. The ghost as good as tells him to kill Claudius, but he has first to make sure the ghost is a good ghost and not a bad, lying ghost, which apparently is a typical Elizabethan dilemma.

Yes, but surely Hamlet himself says, early in the play, that this is a good ghost?

"Whoever wouldn't?" said Mr McKellen. Who, having heard Billy Graham and seen the light, wouldn't say he was going to follow him for ever; but the next day, having had a cold shower, and Billy Graham having returned to America, there might be second thoughts.

I did not argue that this seems a little bit like Olivier's doubting Hamlet. We returned instead to the idea of the star versus the ensemble. Mr McKellen agreed that the play needed nine good actors, but then he said: "Nevertheless, Hamlet is a star part. He has star arias which he must bring off. It's part of Shakespeare's device, telling the story, that virtuosity is going to be required. And if it's then noticed to be virtuosity, that's how it should be."

The McKellen of his generation then went back to his moped.

review

TELEVISION

Peter Fiddick

After a lifetime

TELL CALL "After a Lifetime" a Ken Loach film for convenience. It actually appeared last night in what is mostly regarded as ITV's play spot, and the script was credited to Neville Smith who also gave a sympathetic performance as one of the central characters. But Loach directed it and Tony Garnett produced it for Kestrel and the product had the characteristic hallmarks of that genre, so there seemed little point in being rigid about the credits. Whoever originated this un-keeping wake for a dead militant, it was brought to us as the vehicle for the Loach approach.

The result was not, I think, a masterpiece. The commitment was there, as between a partisan working-class militant viewpoint and let us like it or lump it. The performances were not just unpolished, which is not necessarily a virtue, but unforced, which is. And the cast, with their mostly plain, bony faces, could have sprung from the decaying Liverpool terraces in which the film was shot. This all gave, certainly, cohesion to the piece.

Even so, it did not really seem to know what it was trying to say. As a slice-of-life look at the dead man's family, and thus at him, in the hours between his death and the party after his funeral, it made some good points with a lot of good characters: the younger son waking up to what made his old man tick, big bullying Uncle Sid and his weedy son, Mum wanting to get the announcement in the local paper right and demanding to spend the insurance money on suits her boys didn't want.

But that is not just what a Ken Loach film is about. This one was determinedly raising its voice about working-class needs and working-class betrayals, from the General Strike on, and using any available technique to do it. So apart from the fighting talk of the characters against "Ramsay MacDonald and the Labour Mafia" or the TUC, there was, in particular, the funeral: the cortege rolling to the sound of the Internationale and of the raised voices of 1920s miners, officials, and the Catholic Cardinal who proclaimed it a sin. In the church the organ chorale was a variation on the Red Flag.

The effect of this was to lose sight of the enemy. In character terms the Red Flag joke was good, since the dead man had long been against the Church and his family knew it. But compared with the issues of his life, handed on to his unemployed son, this last betrayal was unimportant. Of course there is a case for having a crack at the Catholic Church's rôle vis-à-vis the workers, but it is surely relatively unimportant compared with the other elements of the struggle (which, side you are on). So, suddenly the film, which was muddled, and at a critical moment.

RICHMOND THEATRE

James Kennedy

Ballet school

THE CHOSEN REPRESENTATIVES of the year's vintage of the Royal Ballet School—which did not get its usual annual shop-window at Covent Garden—are now to be seen in the Richmond Theatre. The stage there is too small for full scale ballet; and the young dancers are assisted not by an orchestra and scenery, lighting and "props" available to the Royal Opera House, but only by a piano accompaniment and rudiment decor. So the circumstances are not as favourable as, perhaps, the evening as those usually provided for an annual talent on the likely fledgling talent of our national ballet.

Still, the evidence provided by the performance on this small stage on Thursday was all that was available; and it served to show that the 16-year-old Rhodessa Belinda Coker, who danced "the vision scene" from "The Sleeping Beauty" is already an extremely accomplished classical ballerina; in fact, a very probable ballerina of, say, six years from now. She is, if anything, almost too professional; as though she has passed from balletic childhood to adult capacity without going through a spring-time period of frail, delightful promise.

She is not so much promising as ready-made; the only danger for her must be that she may harden into stately, technical anonymity. She is in a class of her own among her contemporaries and, indeed, among her immediate seniors, but Margarita Santos, because she is pretty and gifted with considerable natural grace, and Janet Scott, because she has a bouncy vivacity which "communicates" across the footlights, are also likely attractions of the Royal Ballet's future. On Thursday's evidence, there are promising classicists among the boys but no remarkable person of the All in all, not, with the exception of Miss Coker, a remarkable vintage in the school's annals; time will tell.

NOTTINGHAM

Erik Levi

LSO/Gibson

SATURDAY night's Nottingham Festival Concert demonstrated the virtues of imaginative programme planning by bringing together two substantial works, Beethoven's "Te Deum," Symphony and Berlioz's "Te Deum," which at first sight seemed to have little in common with each other in spite of the fact that they were both indirectly inspired by Napoleon Bonaparte. Alexander Gibson, ably supported by the London Symphony Orchestra, how-

ever, sensed more than this tenuous link between the two works, infusing both performances with a grandiose full-blooded romanticism that sometimes came perilously close to overstatement.

In the Berlioz, of course, this kind of treatment pays off handsomely, for restraint is the last thing one would expect to find in a work which was originally conceived to involve over 900 performers. The major fault of this performance lay with the building: the Albert Hall, which was far too cramped and wooden to accommodate Berlioz's spacious cathedral-orientated sonorities. Thus, the majestic organ solo in the opening "Te Deum Laudamus" and "Tibi Omnes" sounded irrelevant, while the boys' choir was barely audible since it was placed too near to the orchestra. In spite of these setbacks, Mr Gibson always remained firmly in control of proceedings and the result was an energetically exciting performance which made no attempt to disguise the work's underlying vulgarity. The Nottingham Harmonic Society Chorus sang powerfully throughout, apparently undaunted by the prospect of competing with a huge brass section and a battery of percussion which included no fewer than four pairs of symbols.

In Beethoven's "Eroica" Symphony, Mr Gibson attempted similarly expansive interpretation, but here the results were less successful. The tempo for the opening movement was controlled, even sedate, but Mr Gibson's tendency to concentrate almost exclusively on inner detail at the expense of overall structure and his fondness for exaggerated sforzando and unnecessary "dramatic" rallentandos resulted in an enormous loss of tension. However, things picked up considerably after a rather disjointed Funeral March and the Finale, being set of contrasted variations, sounded very effective in Mr Gibson's spot-taneous approach.

V & A MUSEUM

Hugh Shire

Chinese ceramic

THERE has been only one exhibit like it before. The famous show, the Royal Academy in 1935-36 of a great ceramic art, which first was shown in the West. And in the RA production, the current one at the Victoria and Albert Museum, unlikely to be repeated.

"It" is the Jubilee year exhibit of the Oriental Ceramic Society organised by the Arts Council, which closes on July 25. A Sunday date not to be missed.

The little-known OCS, founded in 1921, has played a unique rôle in only in scholarship but in the monumental gifts of its members. Our great museums and institutions. Until the mid-1930s few museums had Chinese collections, and those that had consisted almost entirely of Ming and Ch'ing export wares. It was the late sixteenth to nineteenth century. The treasures that followed came light with the building of railways after the Boxer Rebellion in 1900. Exposed was the richness of the civilisation in the seventh to tenth centuries. Archaeological excavation of a firm a legendary pre-history was back to Neolithic times of which museums contained any positive evidence. Political upheavals followed the Boxer rising, the Forbidden City opened up and it was possible at last to see the classic Sung culture served in the Palace Collections.

Their beauty—still mainly preserved in the National Museum of Formosa at once altered European understandings of Chinese art: here were purity, form, subtlety of colour and shape of design in complete contrast to the elaborate decoration recognised at that time as characteristic of Chinese art.

The present exhibition covers a whole range of these discoveries in the Neolithic age (pre-1700 BC) to 1850 AD. Half of the membership of the Oriental Ceramic Society consists of collectors and museums overseas. It is therefore not surprising that almost all the countries interested in Chinese art have lent treasures: Japan in particular has eight masterpieces, six of which have never been out of Japan since the acquisition and only one has been here before (item No. 148).

Three other pieces are designed in Japan as important Cultural Properties, one of three official categories of great works of art created there safeguard (very strictly) the heritage (a system for note in Britain where authorities cannot even put a scheduled house from being demolished).

Of these three, one is the National Museum's Sung Kuan, which has been out of Japan since the other two are twelfth-century Southern Sung Imperial masterpieces known in Japan for centuries but only seen by Westerners comparatively recently. Of the Japanese contribution, catalogue 184 is of great interest because it has never been seen in the West; it is a blue and white beautifully pattered bowl, for long thought to be a Japanese work of the late style of decoration.

Marked Shumai, the name of a tenth century Japanese pottery, now known to have been made in second quarter of the seventh century to the order of the Japanese Masters who commissioned the work made in China with a Japanese inscription.

Emphasis has been placed on Japanese loans only because of rare opportunity to see masterpieces so long guarded in seclusion, but other countries and collectors have equally rare and beautiful objects honour this exhibition. The effect dazzling.

So, too, when you think of the OCS's contribution to our pearl treasures. What, one wonders, would the British Museum and Victoria and Albert Fitzwilliam Museum collect without the gift of George Easton, Oscar Reisch, and G. Oppenheim, Bristol City Art & Museum, without Ferdinand Schiller, the mosaic Museum at Oxford without Herbert Ingram, Croydon College without the Klesco Bell, Essex University without Sir Barclay, and London University out Sir Percival Davis. The world famous Foundation of C. Art?

CEH-CAHC, AS THE RUSSIANS SAY

records reviewed by Edward Greenfield

IN RUSSIA it is always intriguing to find that Bax is such a favourite composer, until you register the Cyrillic transliteration of Bax. Recently, the name "Ceh-Cahc" on a score took me rather longer to work out, and when I did, I was rather surprised the Russians knew that Saint-Saëns existed. But now, hearing Bax's collected edition of the five Saint-Saëns Piano Concertos, I begin to understand, because there are passages in these showy enjoyable works that come surprisingly close to Soviet music. Saint-Saëns, a musical magpie and a thorough professional, turned his music deftly and tunelessly. There may be precious little development of style between the first concerto, written

when the composer was 23, and the fifth, "The Egyptian," written at Luxor when he was in his fifties, but for the less-than-serious listener they make splendid gramophone material (HMV SLS 802—three discs £5.65).

The first concerto's three movements may respectively bring echoes of Beethoven, Bach, and Mendelssohn, but each one is memorable. The second and fourth concertos are already well enough known, but no. 5 is at least as attractive, with far less oriental atmosphere laid on than I expected, and a charming Christmas carol-like idea at the start. The finale with Egyptian ideas punctuated in turn by early honky-tonk and Tchaikowskian lyricism is delightful. Only no. 3 falls short in

its banal ideas, and even in that there is a hilarious finale like a grandiloquent concertante version of something from a Viennese operetta. All great fun.

The price of £5.65 for the Saint-Saëns set (which incidentally also includes the attractive Septet with its unexpected trumpet part) is a permanent bargain offer, and so is the very reasonable price of £3.75 for Michel Béroff's fine two-disc set of Debussy piano music (HMV SLS 803). In the two books of Preludes as well as the Estampes and Pour le Piano, Béroff characteristically turns away from Debussian haze. Like Boulez's performance of the orchestral works (of which CBS has now issued another fine disc including the Nocturnes and Printemps

—72785) Béroff's readings emphasise clarity. It is a dangerous course, because such pointillist music can quickly disintegrate, but Béroff also supplies an unflinching momentum.

It is fascinating to compare his readings of the second book of Preludes with Sviatoslav Richter's on a new Turnabout disc at only 99p (TV 34390 S). Not surprisingly Richter's are far more seductive, and though the recording—made at a live performance with doors banging and bells ringing off-stage—is of limited range, the result is supremely persuasive with "Puerta del vino" for example languorous instead of brittle. An excellent bargain even if you play the disc only once or twice.

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JILL TWEEDIE

Spreading Royal favours



LAST WEEK THE Queen sent a message to King Hassan of Morocco on his escape in the attempted coup. The message said: "I send you Majesty my most sincere congratulations on your narrow escape and I should be grateful if you would convey my sympathy to the relatives of those who died."

That message was sent on behalf of the English people at a time when no one here had yet managed to sort out the motives behind the abortive coup and the same day as 20 senior Moroccan officers were being executed in Rabat after what is chillingly described as "intensive interrogation." And the King, receiver of Her Majesty's good wishes, had just handed over all military and civilian powers to General Mohammed Oufkir, a man still wanted for murder in France.

Speaking only for myself, I deeply resent many of these royal telegrams

that wing their indiscriminate way over my head to greet the Powers That Be of other countries, whether they be benevolent democrats or jumped-up crooks. Such messages, I am assured by the Foreign Office, are almost de rigueur in the case of Heads of State and I get the point. The end, being in power, justifies any means—whether you get there by birth, vote or jackboot, once there your past is forgotten, your present ignored, and you are enclosed in the loving arms of the Power Club.

The Queen, of course, sends many telegrams a year for purely personal reasons: these are not made public and are therefore of no concern to anyone. The public telegrams are mostly sent on the advice of the Foreign Secretary, though sometimes the Queen takes the initiative. "Not," says the FO carefully, "that Her Majesty just sits down and dashes off a telegram to say, the Russian astronauts' families without seeing that it is acceptable to the Foreign Secretary."

The question of whether the opinion of the British people or political expediency is more important in deciding who shall get such telegrams the Foreign Office say "is a hard one to answer." All I know is that I am not convinced to think that my Queen should have sent messages of sympathy upon the death of, for instance, Dr Duvalier, that unsavoury little dictator who for so long held the lovely little island of Haiti in ugly thrall. That there are no moral issues in Whitehall I can accept, but the Queen, supposed figurehead for our morality, should surely discriminate rather more carefully between the sheep and the wolves.



the guillotine, chamber of horrors, Madame Tussaud's

Horrors for the horrors

THERE IS A LOT of talk about the death of the novel but there may be life in the old format yet, swelling slowly up with the youngest generation. Many of them reject with fine avant-garde scorn the corny old tradition of introducing one set of characters and keeping them boringly around until the end of the book—here is a short thriller told by a child of four:

"Once upon a time there was a girl called Anna and she had a best friend Danny. They were walking all by their selves in the dark woods and a man came out of a tree and said hands up, give me your jewels. So Karen did but then Johnny jumped on the man's head and wearily, violent action. All and, preferably, violent action. And Jane tied up the man's hands with her skipping rope and Teddy and Gary carried him to the policeman and the policeman said here is one hundred and one bags of gold for a prize so Rachel and Folly lived happily ever after."

"And what happened to Anna and Danny?"

"They were dead."

"But who by?"

"Silly, Tina and Andy of course."

"Of course."

Another aspect of children's tastes is that most of them appear to be born thriller writers and readers—action is all and, preferably, violent action. And in this careful educational age very few children's books cater for this side of their readers' minds, the stories are either domestic or fantasy but almost never what adults would think scary. Yet no book is so beloved of my own son than the Little Black Sambo one where tigers chase Sambo up a tree and then proceed to tear each other to pieces. He can spend ten peaceful minutes poring over the picture of tigers' limbs in various states of disarray, pouring blood from every stump, his face a study in profound interest. Struwwelpeter is the only current book

I know, and that is an oldie reprint, where blood and a certain sadism is depicted and he regards that with equal respect and enjoyment.

Luckily for me, English history is satisfactorily studded with his favourite forms of horror and now that the school holidays are nearly upon us I shall be dragging him about London with a new Shire Publication book in my hand, "London for Children," by Margaret Pearson from Shire Publications. Monuments, museums and public buildings are not the most riveting of meat for bored children but Miss Pearson manages, by dint of using England's dreadful past, to make them come alive in all their blood-drenched glory. Almost every statue she chooses to mention is of a martyr or queen or soldier who was tortured, burned, drowned or otherwise satisfactorily demolished in a thoroughly violent way. What more is needed to fire a child's interest than descriptions of the final hours of the Countess of Salisbury—the poor old countess cried out that she was no traitor and with her long white hair streaming behind her, she ran round and round the execution block till the headsmen finally caught her. Or Anne Boleyn who "grew so bright-eyed with terror that the executioner lost his nerve. He signalled his assistant to distract Anne's attention, snatched up his sword and beheaded her unawares." Then there is the ghoulie story of Pevensie in Westminster Abbey, who said of Queen Catherine of Valois, "I did kiss her mouth, reflecting upon it that I did kiss a Queen, and that this was my birthday 36 years old that I did kiss a Queen—a queen who was dead at the time, whose royal remains were shown to Pevensie by a verger, for is a time. Lovely stuff. Pathos there is in plenty, too. Children's tombs are scattered everywhere, like the memorial (in stomach and Medici collar) of two-year-old Princess Mary, daughter of James I, who murmured as she died 'I go... I go... Away I go!'"

I know of no other booklet that so handsomely transforms a dull visit to London's sights into a living feast for children's ghoulish little minds.

Nature as the enforcer of morality

NATURE APPEARS to have a rather Grecian set of morals when it comes to the special diseases of women—she permits everything in moderation while penalising excess. The woman most prone to cancer of the breast is a single lady in her fifties with no sexual experience: Nature is obviously bent on reproaching her for ignoring her reproductive role. This form of cancer is also more likely in women who do not breast feed or have their first child when they are over 35 (again one feels a rap over the knuckles).

On the other hand, the likeliest victim of cervical cancer is a woman born on the wrong side of the tracks with a fistful of lovers and a house-full of kids. Reproof, this time, for a life Nature seems to think altogether too full. Another sideswipe at permissiveness: there is a link between cervical cancer and the interval between menarche and first intercourse, which means that the longer a girl remains a virgin after her first period the better her chances of avoiding the disease. Indeed the biological argument against promiscuity tends to be far more convincing than the ethical one—even given the safety of the Pill

a girl who starts an early sex life is still more at risk than her cautious sisters and if she does get pregnant her baby is more likely to be premature or to die in the first month of life.

Parents who have run out of moral arguments with their sexy teenagers may well use these physical facts with success. Even Women's Lib gets a reprimand from Nature since it is already noticeable in America, where girls throw away their bras about a year earlier than that there are many more "breast symptoms," particularly soreness at menstruation.

Preventative medicine, that pioneering front line of medicine, comes into its own with these diseases: early diagnosis is all-important. Sadly, even with growing attempts by local authorities to equip screening vans and reach women at home, less than one third have ever had the cervical smear test compared to over 95 per cent in Finland where, as one doctor put it, they practically drag you in, whether you like it or not. At the BUP Medical Centre in London (one of the only three private screening centres in England) they have a special screening unit for women

that costs just £5, though that bargain price will rise steeply next year. For your money you get a physical examination with special emphasis on breasts, abdomen and pelvis plus a cervical smear test, all conducted by women doctors to spare patients embarrassment.

Taking the cervical smear—to many women the most fearsome part of the tests—is in reality utterly unthreatening. No gleaming forceps, no wicked scissors, merely a small wooden stick that very gently scrapes a few cells off the cervix and that is no difficult process: if you brush one hand along the other you end up with invisible "hand" cells.

The BUP women's unit sees 15 patients a day and, of these, 14 in one year had breast cancer, two cancer of the cervix, and another three cancer of the skin, the ovaries and the bowels respectively (these being off-spins of the system since women tend to tell the doctor whatever else is bothering them at the time). It is ironic that the only other private screening clinic in London has a waiting list of six months—not the best way, one would think, to boost preventative medicine.

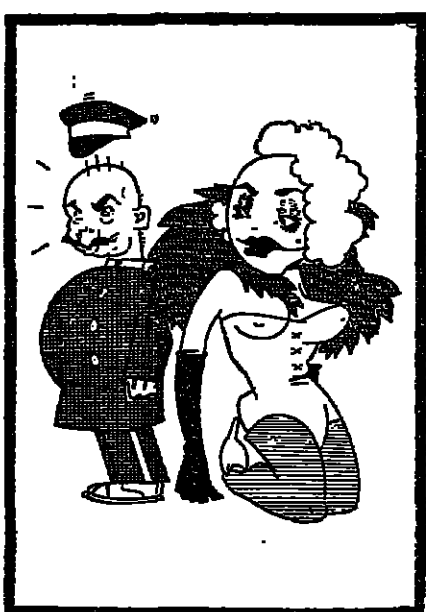
Coping with the lone female

A SHORT WHILE ago two perfectly respectable young women were refused coffees at the Churchill Hotel in London because the rules do not allow unaccompanied women to be served in the evenings. The same treatment is meted out to women alone at Wimpy Bars after midnight and, in fact, almost all large hotels follow the Churchill practice—though to give them credit most apply the segregation in rather subtler ways.

And though the Hilton, for instance, makes a special point of looking after single women in restaurants (a recent survey gave them top marks for single woman cherishing) most hotels will admit that what they call "the unwanted female guest" is a major and constant problem to security staff. One large West End hotel predicts that if one Night Manager was lax in his duties for a month they would be entirely overrun with prostitutes. On the other hand, hotel staff also say that their biggest problem today is not the professional (usually known by sight) but the amateur lady on the now-and-then game. As one security officer puts it:

"Twenty years ago you could tell who was who by their clothes. Nowadays this criterion has vanished and we are left with a dreadful problem. Only last month one of our men asked a lady he called 'obviously a tart' to leave the premises, only to find out that she was an Ambassador's wife. In fact, the muddle gets so bad sometimes that we've had a man going up to a blonde waiting around in the lobby, to put a word in her ear, and got a straight left to the jaw. 'She' turned out to be a man."

Most hotels stoutly maintain they are not in the business of guarding the public morals, only in protecting their guests from unpleasantness. Any professional lady who manages to be both well-dressed and discreet may well encounter no opposition because she is not likely to come to the attention of other guests. Discretion, as in so many things, is the better part and it is more for this reason than for the rules themselves that the Churchill stands condemned. As others in the hotel business point out, rules are unnecessary if the security staff are sufficiently sophisticated.



dracing by Richard Yeend



CHECKOUT

edited by Elisabeth Dunn

SOME SIX WEEKS AGO, Mr and Mrs David Hendry found a house on an estate in St Albans which they decided to buy. They were told that it was the last house available in its price range—£11,600—and it was only free because a previous buyer had cancelled. "£11,600 was about the limit we could stretch to," said Mr Hendry. He got his solicitors working on the deal; he arranged a mortgage and contracts were drawn up. They were to be exchanged last week. But last Tuesday the Hendrys got a letter from the building company, Davies Estates Ltd which, while expressing deepest regret at having to take this step, said there had to be an increase and the house would now cost £12,180.

The Hendrys wrote a protesting letter, thinking that they had been sent a circular which did not take into account their own special circumstances—they had agreed to accept the cancelled buyer's colour scheme. But no, they were told that this was a blanket increase forced upon Davies Estates by rising costs and land prices. "I would not have minded if it had just gone up a £100 or so," said Mr Hendry. "But £500 is ridiculous—it is 5 per cent increase." The building director at Davies Estates said: "I agree that Peter shouldn't have to pay for Paul but we found that we were not in line with a lot of other developers and we have had to face rising costs. We've only had one cancellation on this estate in St Albans because of the rise in price."

FOLLOWING CHECKOUT'S assessment of the natural gas situation last week, there have been reactions which suggest that the gas boards should not be approached in a mood of sweetness and optimism. Mrs Joan Stagles, for one is given to bitter thoughts about the gas man these days. She was converted in February last year and her two-year-old cooker did not take to natural gas at all. The following Easter the gas board took it away and gave her a rather unsatisfactory replacement. Sixteen months later they confessed that they seemed to have lost her own cooker but one very similar to it had turned up in Leamington Spa and would she like that? She said yes, please, and five weeks later the gas board brought it. It turned out to be passable except that you could not switch on the oven without a pair of pliers. She is now saving up for an electric cooker. She was told "by one engineer, 'I'm leaving conversion. The pay is good, but it's such a depressing job. I don't like leaving a lot of dissatisfied customers behind me.'"

Mr Trimmings, for another, having been told that extra ventilation for his heating and hot water system would be needed since its conversion, has been trying for a year to get the North

Thames gas board to put in the ventilation panel.

Mrs Bette Hollingsworth after being partially gassed by her washing machine, had a spot of trouble with the gas fire which belched fumes for six months before the gas board found out what was wrong with it. Not so Mrs Bentley who was converted with "great speed and efficiency," two winters ago. Her problems started when she moved house and had to be deconverted. She hasn't been able to use her cooker since.

NOW THAT WE are all conditioned nicely into believing that white bread is sometimes health food by the advertising from the Flour Advisory Bureau (one fifth of our protein-calcium etc etc) they are now selling white bread as a substitute for school dinners. Thank you, Mrs Thatcher.

WITH CREDIT buying getting allegedly easier all the way round, the stores themselves seem to be taking precautions which look unreliable not to say irrelevant. Peter Jones for example wants any credit buyer to furnish them not only with a banker's reference but also with two other references which can be given by either business associates, friends or relations. Selfridges say smartly "Banker's refer-

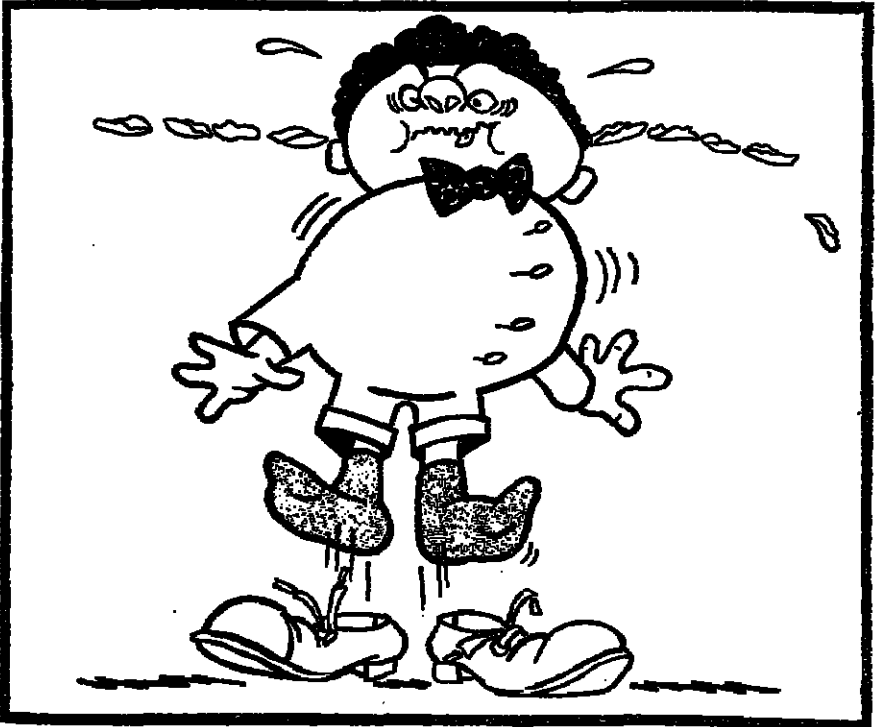
ence, two business references, and a guarantor for a non-houseowner."

The guarantor would seem to make sense but references are never likely to say much more than "John's a good chap." "But will one tell you that a person holds an account?" said Peter Jones' finance man. "The other references tell you that he does actually live at the address he says he lives at."

Yes, but why ask for two references which doubles the bother for everyone. "You always start out asking for the maximum and then you compromise." There are, of course, some customers who won't stand for this sort of messing about. One woman who wanted to open an account with Peter Jones flatly refused to give anything but a banker's reference and she got her account without any hitch at all.

CRISPI CRISPS a product of Meredith and Drew is running a special campaign by which crisp eaters collect tokens printed on the packets. Each packet comes with two tokens. You can get a pair of football boots or a pair of tights or a battery shaver. The shaver, a Philips cordless costs £5.95 in the shops, or 12,000 Crispi-tokens. A collector eating one packet of crisps a day could get his shaver in just 16 years 5 months.

IT HAS BEEN sale time at Gamages, like everywhere else. But at Gamages last week you could buy Mentor drifter shirts for £2.60. The card on the pile of sale shirts said "Manufacturer's recommended price £2.75." Further along the same counter was Gamages' standard stock of the same shirt: Price £2.25.



crisp reply: drawing by Richard Yeend

Mr Wilson deserts Europe

Mr Wilson says, in effect, that he would have negotiated better or different terms for entering Europe. That is, to put it mildly, somewhat doubtful. Like Mr Heath, by May or June he would have reached the point at which he had to strike a bargain with President Pompidou. At that point, either he would have done a deal similar to Mr Heath's or he would have seen the negotiations fail. The odds are that he would have done a deal and recommended it to the Cabinet, the Labour Party, and Parliament. And he would most probably have got a majority for it, with broad Conservative backing. His vehement denial that these are the terms Labour would have asked for or accepted does not invalidate this view.

In the event the deal was Mr Heath's and Mr Wilson now opposes it. Some of his argument about the terms is valid, some specious. Again, though, the odds are that Mr Heath will win a majority in Parliament and will take Britain into Europe. Labour therefore has to look ahead. Does it want the reputation of having reversed its attitude because of a dubious argument about the terms? That will hurt its standing both in this country and in Europe. Or does it want to be associated with the decision to enter Europe, while reserving its right to improve the terms in any way it can after entry?

Mr Wilson, with his love of keeping the options open, may prefer the latter course. But even a promise to renegotiate can have only a limited practical application, for hard realities restrict everyone's freedom. Mr Wilson meant what he said in the 1964 election when he promised to renegotiate the Nassau agreement, but in 1971 Polaris is still with us at the Holy Loch and Faslane. By the next election Britain will be in the Common Market; some Commonwealth countries will already be well ahead with making their own arrangements elsewhere; and Mr Wilson will not obviously be a better bargainer than Mr Heath.

The irony is that a promise to renegotiate amounts to no more than the Conservative Government intends anyway. On food, New Zealand, and sugar—the key charges in Mr Wilson's indictment—Mr Heath and Mr Rippon have deliberately left a great deal to be decided only after British entry. They reckon, with good reason, that they can get more sensible arrangements that way. Mr Wilson would have found himself in much the same position. On New Zealand, if he had insisted on precise figures to guarantee long-term markets, the negotiations would almost certainly have collapsed. That Britain must switch from cheap Commonwealth

food to more expensive European produce was known from the beginning. The question was and is what share in the market can be secured for New Zealand, as for the Caribbean countries, beyond 1977. From the beginning it was also known that we must accept the Common Agricultural Policy, even if hoping to see it overhauled as soon as possible. Dr Mansholt is as disappointed as anyone by the lack of progress on that front, but neither he nor others in Europe have given up. Britain as a member will influence the future of the CAP.

Mr Wilson now finds the cost of food and the burden on the balance of payments excessive. Yet it was always certain that higher food costs in Britain would have to be offset by the dynamic effects of a bigger industrial market. Mr Wilson is stating one half of the equation without the other—the burden without the benefit. The potential gain to industry is great, and while in office Mr Wilson was ready to reckon it as higher than the extra costs. Mr Heath's Government still sees the benefits as greater than the burdens. It wants to get into Europe and improve the arrangements from inside, as its predecessors would probably have done.

The prospects of economic growth and of political influence—of prosperity and peace—are the positive side to Europe. These were what attracted the Labour Government when it sought entry. They are still the strongest reasons for going in. The most disreputable aspect of Mr Wilson's speech on Saturday was that, while stating all his reservations about the terms, he did not balance these with a single good word about Europe and its positive potential. The speech was negative. It was a denial of what he himself once stood for and a desertion of his own earlier good judgment.

It was not even in tune with the preceding debate. That was often fierce and nearly always relevant. One can dispute whether the Rome Treaty enshrines the ethic of capitalism, whether socialism can ever be built in one country alone, whether the last Government was or was not true to its principles, and whether Britain can earn a living. The truth is that Britain must have industrial markets, that Europe offers it an enlarged market, that Western Europe (like Britain) relies on efficient management of a mixed economy, and that any British Government is bound to be pragmatic. Labour used to combine pragmatism with idealism, but at present some of its leaders have lost their way. Until it recovers, as it must, it will not have a credible claim to be capable of governing.

RTZ in the national parks

On the understanding that no decision to allow mining is implied, the agreement that Rio Tinto-Zinc should continue its explorations in the Mawddach estuary and Coed-y-Brenin areas of Snowdonia cannot reasonably be opposed. If the explorations themselves made a mess of the scenery there would be a good case for stopping them now, but according to the inspector who reported to the Secretary for Wales, the equipment used will be "puny when viewed in or against this large-scale landscape." The hours when it can be used are to be restricted. Thus nothing important has yet been decided except that we should discover what minerals are there. Knowledge is usually preferable to ignorance. The big decision will have to be taken if it is found that important minerals exist in commercial quantities.

At present it is hard to see what discoveries would justify large-scale mining in areas set aside for recreation. Certainly the two activities are not compatible. Mining would create noise and dirt and would destroy natural habitats to an extent which would rob the areas of much of their interest, scenically and to the natural historian. Unemployment is advanced, notably by the Dolgellau district council, as a good reason for bringing the machinery in. But it is not a good

reason. The provision of a few jobs for a few years would not offset the permanent damage to the landscape.

RTZ is also interested to know what minerals are available in the Lake District. Here the problems are even more complicated. It is surprising that Manchester Corporation, which is in the neighbourhood on sufferance to extract water, should have felt competent to grant prospecting licences on the land it bought as catchment. But it has done so, and RTZ now expects to prospect at Thirlmere and Haweswater. Again, a decision to allow mining is a long way away and would have to be supported by more cogent arguments than any that come to mind at present. It is ironic that Manchester itself might find it necessary to oppose the exploitation of minerals if the choice came. At both lakes the quantity of water needed for extraction and processing the ores would rob Manchester of some of its own supplies and possibly pollute the rest. The city would not have a very sympathetic hearing if it then applied to take more water from one of the unspoiled lakes. As in Wales, there is an argument for learning more about the geology, but it should be realised also, especially by Rio Tinto-Zinc, that virtually no commercial enterprise could excuse the blight of a heavy industry in a national park.

Judging the judges' rules

The Lord Chief Justice's suggestion that police cautioning of suspects should be abolished was also made by his predecessor. Like Lord Widgery now, Lord Parker before him called for this change in the judges' rules. It clearly reflects a powerful trend in judicial thinking, and one which the police have pressed for frequently. But it is a dangerous trend, and needs to be examined with great care.

At a time when the crime rate is continuing to rise, and when the police are worried that their detection rate, though also rising slightly, is still comparatively low, the psychological pressures for "freeing the hands of the police" are obvious. But would this change increase the number of people who, on sound evidence, are found guilty? A number of lawyers think not. Mr Justice McKenna told the British section of the International Commission of Jurists last year that there was no evidence that even compulsory

questioning of suspects would increase the proportion of guilty people convicted.

Mr Justice McKenna also raised the important question of what happens even now in police stations. He argued that with all the disadvantages a suspect already faces in a police station it would be surprising if judges' rules on confessions were not often broken now. The presumption must certainly be that if Lord Widgery's suggestion were followed, the most experienced, cunning, and probably most dangerous criminals would know best already that they need say nothing. The new system would be likely to operate mainly on suspects who are unaware of their rights. Lord Widgery says that interrogation of suspects is a fundamental of criminal investigation. This is true. But as long as Britain retains the accusatorial and not inquisitorial system of justice, the suspect must be told he need say nothing and not suffer for doing so. This too is fundamental.

A COUNTRY DIARY

KESWICK: The Lake District is, naturally, full of contrasts—mountain and valley, lake shore and dry scree, fell and bog. Take only these last two, the upland bogs come to life in July and, even in this dry year, are astonishingly wet and green. Today, early, dew-soaked spider webs caught glints of sun or lay silver in the shadow over the bog and though it was too soon for dragon-flies to be about there were scores of pale, small moths in the rushes. It is, however, the flowers which give life to the place. There are deep pink cross-leaved heath, red sundew and pale pink bog pimpernel clasped close in the green sphagnum moss and, rising above them, a variety of spotted orchids. All these are scentless but there are fragrant orchids too, less common than the spotted, and they, with the orange spikes of bog asphodel, spread a faint and unexpected sweetness in the air. There were no birds except tree-pipits in the bracken and a yellow-hammer drowsing from the savins. The small wood on the easterly side of the hill seemed, in the afternoon, austere by contrast. This is a flowerless wood of scraggy larches and pines which, until recently, housed a kestrel family. Five young were hatched in late May and two fell from the nest half-fed which, even then, must have been rather crowded. One died at once, the second lived a few days, fed devotedly by the parent until, possibly, a fox got it—but the other three thrived. They screamed shrilly and, at times, fought over their food (mostly voles and mice), stretching and flexing their wings and gradually moving farther out on the branches until flight was possible. Now they are away and though the parent is still to be seen hunting over the rough ground and carrying food across the river the wood is empty and silent.

ENID J. WILSON

WE are now on the eve of countdown for another United States moonshot. It will comprise a highly trained crew of three with an appointed commander, life-support systems for the 13-day flight, immensely complex technical support for guidance, control, and emergency action, and supplies of food, water, and oxygen which—like other components of structure and life-support systems—are carefully tailored to crew size and to flight duration. Through impeccable planning and spacecraft design, and through the exclusion of insane passengers, the probability of mission success and crew survival is high. NASA engineers would rate it as better than 99 per cent.

There is also another, much larger, and more important spacecraft in flight whose status, as Professor Paul Ehrlich keeps pointing out to a deaf world, is in urgent need of assessment. It has no commander, no trained crew, and no flight plan. It possesses strictly limited life-support systems, limited energy capability, and limited material resources.

A glance at the inventory reveals that, although without a commander or trained crew, it carries 3,600 million passengers, most of them third class, undernourished and deprived. It also reveals that the life-support systems consist of an elegant and beautifully related structure of living organisms, but that the structure is already severely stressed and deteriorating under passenger pressure.

In spite of this there are also about 500 million first-class passengers. These are overfed and, while pretending otherwise, consume the limited material and protein resources of the spacecraft at an ever higher rate, converting many non-renewable resources into trivia and poisonous junk. This they dispose of into the already degraded life-support systems. The duration of the flight is unknown but, paradoxically, is intended to be long.

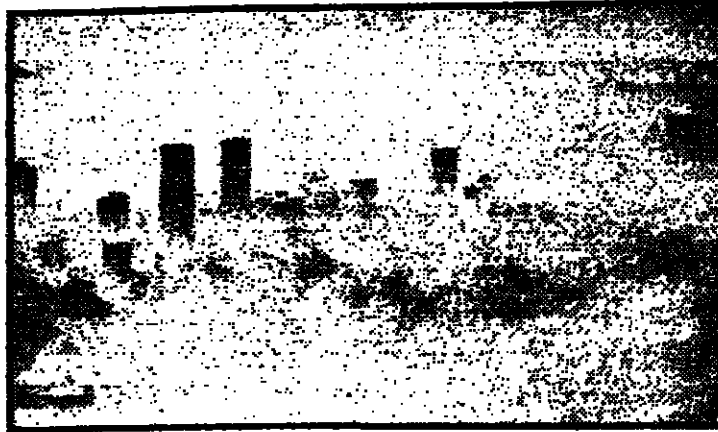
Since there is no commander, controller, expert crew, or blue print, nobody on board really knows how the overburdened life-support system works. Local failures, whose usual first indication is the pungent stench of death, have revealed that it possesses critically related breakdown characteristics and that failures are likely to cascade.

The system may go suddenly like a collapsing house of cards but, because it is well structured, possessing alternative pathways and great flexibility, any approach to instability

Spaceship Earth

BY ANTHONY TUCKER

When failure comes it will be in the form of a plunge towards stagnation. There are no emergency plans on the spacecraft for sensing and dealing with any approach to instability....



and failure will be imperceptible at first. When failure comes it will be in the form of a plunge towards useless stagnation. There are no emergency plans on the spacecraft for sensing and dealing with any approach to instability.

Already the signs are not propitious, but this is not all. Although the life-support systems are limited and overstressed, and although resources are both dwindling and finite, the spacecraft on this flight is expected to accommodate 3,000 extra passengers every hour while also providing more of everything for everyone on board. The life-support systems, assessed by some thoughtful passengers to be capable of coping healthily and satisfactorily with a stable load of 1,500 million people, will in 30 years' time have to cope with 7,200 million and in 50 years 14,000 million.

Those who understand the rigid limitations of spacecraft systems deeply fear the implications of this passenger growth. They are not, however, among the passenger leaders. Quite the reverse: the most powerful and vocal leaders among the passenger factions are concerned mainly with ensuring, through the encouragement of something called "expansion," that the consumption of limited resources is accelerated as fast

as possible with the apparent intention of dissipating every thing without concern for the future.

They are also engaged in alliances and manoeuvres which will result in the acquisition of more resources to destroy, in opportunities for increased dissipation, in increased rates of consumption for themselves, and in the deprivation of other, poorer passengers. While doing so they speak of "visions of the future" and pretend to be ecologists.

As students of spaceflight we might look askance at these pretensions, while trying to weigh the chances of mission success and of survival aboard the spacecraft. Since the life-support systems are finite they clearly cannot cope for long with the continually growing number of passengers. In any case it is clear that the fewer the passengers, the better their deal is going to be. Design limits appear to be already exceeded and performance is being held at artificially high levels by expedient tricks whose possibilities are themselves limited. They have not prevented degradation.

There is, as we said, no commander, no plan, and no passenger control. On a space engineering basis there is also no chance whatever of survival. Now suppose that, vaguely

aware that the impossible is not possible, the passengers try to assess the capacity of their life-support systems and applying the time-honoured safety factors used by good engineers—and which, even when large, do not always work—about calculating passenger limits, at the proper allocation and vesting of resources, and at the creation of a workable flight plan. What will they find?

They will find that critical thresholds and other limits are not known and that few of the passengers seems to care; that, because the systems are flexible and can easily be obscured behind resource-consuming techniques, there no longer exist certain means of assessing safety factors; and that those passengers who are boarding and consuming most are too euphoric with success to analyse their activities in a rational way. Critical limits only emerge when they are exceeded. On a spacecraft this is certainly fatal.

The examination will also reveal that the third-class passengers are deeply resentful of the disparity of living conditions and of the way the first-class passengers offer meaningless trivia in exchange for protein and irreplaceable mineral resources. As resources dwindle further, and the disparities grow, friction will certainly grow. Rebellion is not only inevitable—it has already begun.

This spaceship is clearly in serious trouble. Since its systems are totally interconnected there is only one tenable strategy for survival. Nobody in the first-class cabins will like it, for passenger numbers and demands must be shaped to conform to the salutary facts of life defined by spacecraft limitations. The greedy passengers, it turns out, are this ship's greatest enemies. Stabilisation, recycling, and the control of all operations so that they fall within the long-term constraints of the system are basic to all space flights. The major effort has to go into control for survival; no other strategy will suffice.

Curiously, space engineers know this very well, yet run with the stampedes of greedy madmen, adding only to the output of expensive trivia. If space engineers do not understand the planetary implications of their own system limitations, it seems unlikely that light will quickly penetrate elsewhere. The one-eyed leaders will still be claiming proper vision when the expanding bubble bursts and the surviving passengers find themselves hungry amid the wreckage. No, you will not be there; but that will not console your grandchildren.

Walker's fair deals and foul prospects

TO THE EDITOR

Sir,—Parliament will today discuss Mr Peter Walker's so-called "Fair Deal for Housing." His White Paper is based on the belief that the solution to the housing problem lies in the balance of two words: higher rents. It cannot. Elementary as it may seem, the answer to the desperate housing shortage is to build more houses, and at rents that ordinary people can afford.

Mr Walker's scheme will have the reverse effect. By slashing council house subsidies it will accelerate the already serious decline in council building pro-

grammes since May 1968, when Conservative councils won power in nearly all the country's town halls.

Whilst it might be possible to argue a case for redistributing housing subsidies, increasing some and reducing others, the main feature of the White Paper is a vast net reduction of them—by up to £200 millions a year compared with what they would have been by 1975. The rent for several million families will be doubled.

Many council and private rents will be driven so high as to force tenants to buy their

own houses even where they cannot really afford the mortgages. This will result in further increases in house prices. On private landlords' tenants, too, a sharp rent rise will be imposed. When 1,300,000 private tenants have their rents taken out of the present rent control into regulation by the rent fixing machinery there will be an average rise to 2½ times the current rents. (These are figures extracted from the Ministry). This will apply even to the worst slum houses, and those without baths, hot water and inside WCs. Indeed it is precisely these

poorer homes which will now come out of their present rent control.

Of the families in both private and public sectors who will have their rents doubled and trebled, some will receive a rebate. But for the great majority of these recipients, the rebate will be less than the increase inflicted. There is bound to be a widespread revolt against what is a deliberate increase in the cost of living, affecting a major item in most families' budgets.—Yours sincerely,

Frank Allam, MP.
House of Commons.

Planning: a mere objector's place

Sir,—By telephoning the Department of the Environment and Solihull County Borough Council, I learned on Wednesday that the local inquiry into the proposed development in the woods of Olton Mere is to be held on September 1. I also learned that the date was fixed after consultation with the owners of the land, the applicants (the developers) and the Council who are in favour of development.

We are an amenity group constituted to protect Olton Mere and its woods. Without us it is unlikely that there would have been an inquiry. Is it just that

our opponents should enjoy the advantage of both consultation and prior notice of the date and we should not?

I was told on Wednesday by an official at the Department of the Environment that objectors are not normally consulted and that no organisation would have formal notification of the date within the next week. If such treatment of amenity groups is usual it is also grossly unfair and should surely be changed.—Yours faithfully,

(Mrs) Diana Farr.
Hon. Secretary.
Save the Mere Campaign,
Solihull, Warwickshire.

Enter a villain, to suitable music

Sir,—Having been cast as the villain in André Previn's conversation with Edward Greenfield, I wonder if you could spare me a little space in which to try to restore the balance. First of all, as one of André Previn's most devoted admirers, I am truly sorry that he seems to be so upset by our professional disagreement about his music for "Blind Panic." Try as I may I find it impossible to think of any famous writer, actor or director who has not had his work rejected at some stage of his career and if this is the first time Mr Previn's pride has been slightly dented I can only congratulate him on what must surely be a unique record for the film industry.

Despite this clash of opinion I very much appreciated Mr Previn's concern about our music costs and feel sure he will be relieved to hear that the film as a whole is still very much on budget. On the other hand, we are all naturally at least as anxious as he is to post-pone "the demise of the film" for a little while yet and would therefore be more than happy to reduce our costs by letting him have his music back if he likes to return the substantial fee he was paid for composing it.

If I may, I would also like to correct one or two, shall we say, slight inaccuracies which seem to have crept into Mr Previn's version of the story.

I was not skiing when the music was recorded. I was in California discussing, among

other things, arrangements for the release of "See No Evil" (the title of the film in the United States) and thereby helping to make some more money for several people whose work on the film had not been rejected. Including Mrs Previn.

What Mr Appleby, my associate producer and admittedly one of nature's enthusiasts, actually said in praise of the music was that it reminded him irresistibly of the score for "Around the World in 80 Days." Mr Previn, to say the least, was not amused.

I would cordially agree with Mr Previn's description of Richard Fleischer as a very nice man but regret to report that he didn't like the music either. He too, was very sorry not to be at the recording session, but feels sure Mr Previn would be the first to understand his absence, which was caused by an urgent and unexpected request to take over from John Huston as director of a major film being made on location in Spain.

John Huston's sudden departure from the film seems to have been the result of a severe disagreement with his production company. As professionals, neither seems to regard their failure to agree as any kind of reason for making personal attacks on the other. But then, like me, neither of them is anywhere near as young as Mr Previn.—Yours faithfully,

Leslie Linder.
Filmways Ltd.,
London W1.



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Michael Joseph

A preposterous, snivelling speech

PETER JENKINS on the mystery of Wilson's self-inflicted wounds

THERE was no pleasure to be gained from Mr Harold Wilson's diminishment at the Central Hall on Saturday. The Labour leader raised a few routine cheers for his attacks upon the Tories, but for the rest it was a snivelling little speech. You could almost feel the conference squirming as Mr Wilson set about resolving his perfectly genuine dilemma in an utterly shameful fashion.

The painfulness of his position deserved intelligent understanding and a good deal of sympathy. Mr Wilson was not sitting on a fence but impaled on a barbed hook. His position was quite

unlike Hugh Gaitskell's over the bomb when he defied the conference with the backing of the great majority of the Labour Party in Parliament. For Mr Wilson to have stood by his previous European policy would have meant defying the conference, the party executive, a majority of MPs and the weight of public opinion at one and the same time. That was too much to expect.

The Labour Party cannot be led in that fashion. Gaitskell soon discovered that when he tried to take on the Left and the unions simultaneously over Clause 4. Those who inveighed upon Mr Wilson to display "leadership" by unequivocally supporting secession to the Community under a Conserva-

tive Government were inviting him to commit political suicide.

So the question, long before Saturday's conference was not if Mr Wilson would draw back from Europe, but how he would arrange his retreat. There was no easy or even honourable way out but there were degrees of dishonour available to him: the exercise was a challenge to his political skill, once supreme in such tricky corners. And it was not as if he was the first politician in our history to have to eat his words—a very whole-some diet—as Churchill used to say—nor the first to succumb to the cruel and vulgar pressures of party politics. But at least he could have shown dignity, at least

he could have refrained from insulting the intelligence of the British public.

He could have attacked the terms of entry at their weakest point instead of discharging a blunderbuss. He could have taken refuge in the state of the economy or found an overriding objection in the callous incompetence of Tory Government. He could have stood his corner on the merits of the case while declaring his intention to accept the democratic decision of the Labour movement. Or he could simply have declared honestly that he had changed his mind—that is, if he has honestly changed his mind.

Instead he indulged his passion for self-vindication with preposterous and selectively documented

claims to consistency. He set about the terms with such indiscriminate destructiveness that the entire package was left in shreds on the floor of the conference hall, and with it what remained of Mr Wilson's credibility as any sort of statesman.

It is perfectly true that Mr Wilson had always reserved his position on the terms, and it is also perfectly possible that a Labour Cabinet would have rejected the outcome of a Labour-conducted negotiation in Brussels. But Mr Wilson now claims that the solutions sought by the Conservative Government on two important questions, on capital movements and on New Zealand, would not have been acceptable to a Labour Government.

Mr Michael Stewart and Mr George Thomson, whom Mr Wilson virtually denounced as liars, know the truth. For they had prepared the negotiating briefs which the Conservative Government inherited when it took office on June 18, 1970. There was no time to revise them fundamentally for the negotiations opened in Brussels 12 days later on June 30. It is hardly conceivable that Britain's negotiating posture was unknown to Mr Wilson, for it was prepared in a committee chaired by Sir William Neill, who reported directly to the Prime Minister.

Mr Wilson did not confine himself on Saturday to tearing apart the terms. He returned to the old allegations that the Community was a

rule-ridden inward-looking bureaucracy and suggested that British entry would impair East-West relations. He is on record in 1967 to precisely the opposite effect. He raised the bogey of a European bomb. There was not a mention of the political advantages of membership which, according to Mr Wilson in the past, were the main reasons for joining.

He threw in the regions, fishing, coal, steel and the kitchen sink. The prodigy of his attack on Britain in Europe was such that any claim that he remains in principle in favour of it must be greeted with utter incredulity and deep contempt. It is a mystery why he determined to wound his reputation so mortally.

A war that never is

from David Martin in Tanzania: Sunday

ONE COULD not help but wonder whether President Julius Nyerere had been overdoing his display of cool statesmanship this month. While his neighbour, Ugandan President General Amin, threatened to attack deep into Tanzania and claimed 1,000 of his soldiers had died in clashes on their common border, the Tanzanian was making bricks. Dr Nyerere had turned his back on the pomp of the Presidency and many of the affairs of state to spend eight and a half hours a day leading a team of brickmakers in the hot arid central Tanzanian Dodoma region where 300,000 Wagonia tribesmen are being resettled in cooperative Ujamaa villages.

But after visiting the Tanzania-Uganda border this weekend I am now convinced the Tanzanian does have his priorities right, for there is not a gun and no sign of fighting on the frontier. The border carries through the dusty little town of Mtwaka, 50 miles from the Tanzania Lake Victoria port of Bukoba. Only a fading sign with Uganda scored boldly on it in black letters marked the frontier as a young Pakistani-trained Tanzanian Army lieutenant, Christian Ngwasi, led us down the only street.

Theoretically the frontier is closed for security reasons. But there is nothing at all to indicate that this is other than another dusty African town where the traveller might stop for a cold beer or to buy a bunch of 100 bananas for a shilling.

As we stood chatting seven Ugandan soldiers emerged from behind a building on the other side and fanned out ominously as they walked down the road towards us. "The magnificent seven," quipped a colleague apprehensively, to which the lieutenant replied: "Don't worry, they're friends."

I noted with relief that they were unarmed and as they reached us the sergeant headed the group saluting the Tanzanian officer and then shook hands warmly and said: "Hello, brother." The soldiers shook hands with me and two other journalists, the first pressmen allowed to visit either side of the border.

We explained that we had come to investigate General Amin's claim of fighting on the frontier, to which the sergeant replied: "There has been no fighting around the border. Not a shot has been fired between the Ugandan troops. Why should we fight? We are brothers." He made it clear they did not care who claimed there had been fighting. The fact was that there had not.

It is also clear that the claim that the armies of the two countries are facing each other across the 100-mile frontier is equally untrue. The Tanzanians believe the Ugandans have about two battalions stationed across the frontier, but it must be said that this is only an estimate. On the Tanzanian side the nearest military unit is stationed 18 miles back from the border at Kyaka to guard the strategic Kagera river bridge. There are only 39 men here.

On the border itself five line-man paramilitary police field force sections are stationed and four of these are permanently there. The nearest unit is the fourth battalion of the Tanzanian army 200 miles away at Mbeya. The Tanzanians at Kyaka have no arms heavier than rifles and sub-machine guns and their main position is a tented camp clustered around a hill overlooking the bridge.

Everywhere there is an air of tranquillity. Since General Amin's claim of fighting on the frontier, to which the sergeant replied: "There has been no fighting around the border. Not a shot has been fired between the Ugandan troops. Why should we fight? We are brothers." He made it clear they did not care who claimed there had been fighting. The fact was that there had not.

Dr Milton Obote, who was actually given asylum here at three months ago for another African country and the Ugandan exiles themselves are split as to what they should now do. The army officers who escaped were asked for heavy equipment to fight against the general while the young radicals of Obote's former People's Congress want small arms for guerrilla warfare. Nyerere has refused both sides, to help one and not the other would involve taking sides.

'If there has to be a choice we are not entitled to sell our friends and kinsmen down the river for a problematical and marginal advantage in selling washing machines in Düsseldorf'—Harold Wilson at Labour's special conference, Saturday

AMONG West Germans who live in other cities, Düsseldorf is referred to with a mixture of envy and contempt, as "The Rhinegold". This city of 700,000 inhabitants is more boundlessly and conspicuously rich than any other in West Germany.

Düsseldorf is the German "economic miracle", with a vengeance, and its life style could stand as a metaphor for all of contemporary Germany. Like the country of which it is a part, Düsseldorf has amassed an awesome amount of economic power. To understand why the mark is the world's strongest and most sought-after currency one need look no farther than here. The banks and boardrooms are the tangible symbol of the industry that towers over the life of West Germany, providing the muscle that has again made the country a force to be reckoned with.

But, also like the rest of Germany, Düsseldorf is haunted by a still recent past that makes it uneasy about this power and uncertain about just what to do with it. Although the city reveals in its wealth, it has not yet come to terms with the political and social responsibilities that always gravitate toward money. This is a phenomenon that many thoughtful Germans regard as "the national malaise", and Düsseldorf seems to have caught the disease in its most virulent form.

West Germany's leading novelist, Günther Grass, cannot stand the place; and in "The Tin Drum" he lampooned the city's hangups viciously. One scene was set in a Düsseldorf nightclub where the guests paid huge sums to listen to sad music and chew raw onions so that they could wallow in the tearful bathos of feeling sorry for themselves.

Where the acquisition of possessions is concerned, the West German advertising industry (appropriately headquartered in Düsseldorf) regards the city's spending power as in a class strictly by itself. Düsseldorf has more millionaires than any other German city. On a per capita basis, its citizens own the most homes, cars, television sets, pets, and private aeroplanes. It is also the biggest market for that ultimate status symbol of the West German conspicuous consumer—the draconian six-litre Mercedes-Benz 600 limousine known as Der Grosse.

Even the streets and buildings reflect the glitter of money. Like most major German cities, Düsseldorf was bombed into rubble during the war and its rebuilding has been along lines that emphasise ultra-modern glass

and concrete set amid vast, park-like swathes of greenery. Their particular pride is the Koenigsallee, a 275-foot-wide, down-town park boulevard, split in the middle by a many-bridged waterway. Marching up and down its perimeters are an array of smart sidewalk cafes and some of the most elegant, and expensive, shops in the world. It has been dubbed the "Champs-Élysées of the twentieth-first century."

Yet, places like the Koenigsallee are only the glossy veneer on what Düsseldorf is really all about. If you park a car on a down-town street in the morning, the chances are that by evening it will be covered with a fine black film. For all its pretence to grace and glamour, the city is a place that earns its livelihood from the belching smokestacks and roaring blast furnaces disfiguring the countryside beyond the city limits.

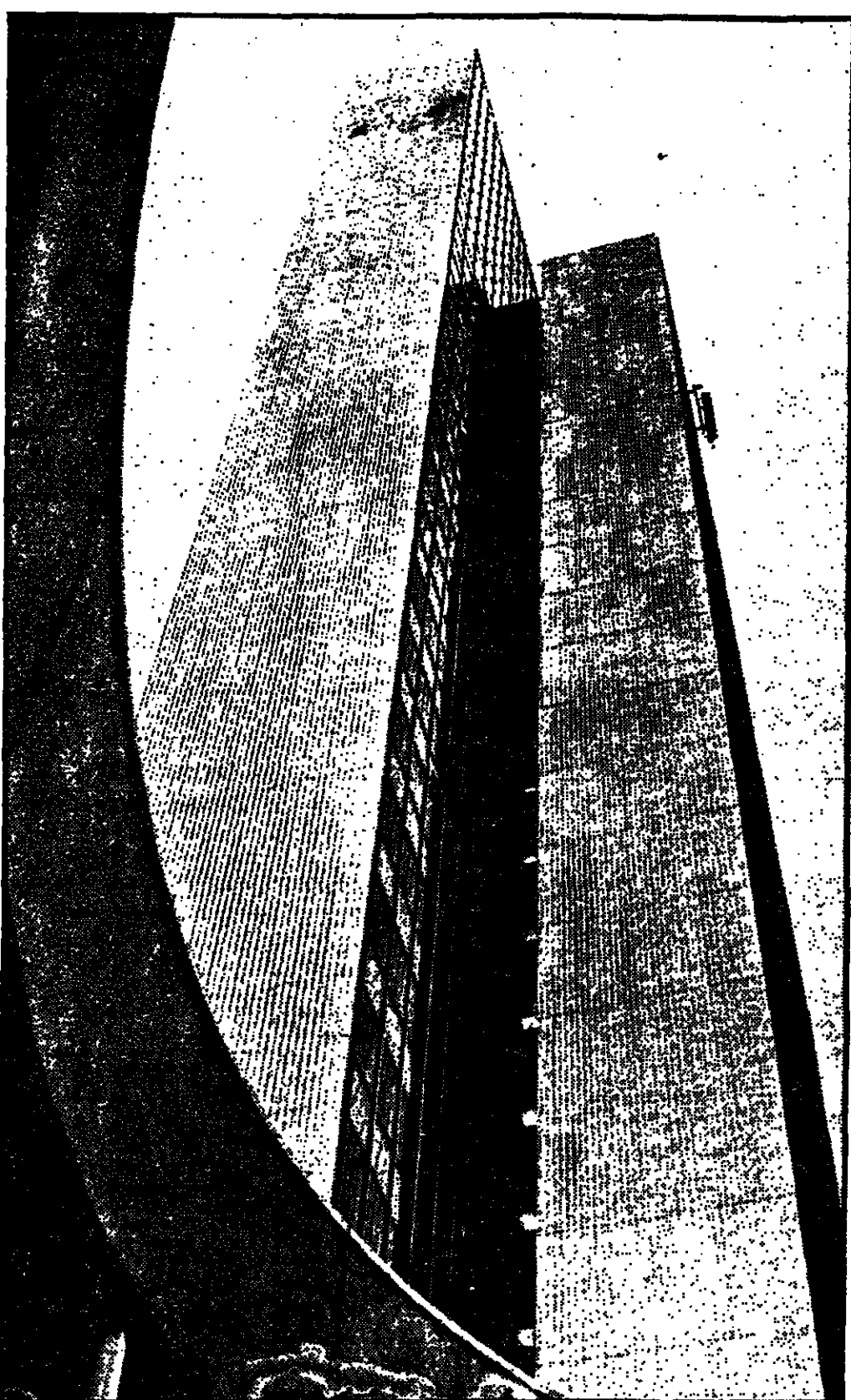
Specifically, Düsseldorf is the "desk" of the great West German industrial megalopolis that stretches south along the Rhine and north into the Ruhr. This is the forge of Germany, a region that contains two-thirds of the country's population and accounts for an equal share of its industrial output.

The factories and foundries are in grimy nearby towns with names like Leverkusen and Bochum and Wuppertal. Some, like Essen, which lies a few minutes' drive up the road and contains the headquarters of the Krupp iron and steel combine, actually are metropolises in their own right with populations equal to that of Düsseldorf itself.

But Düsseldorf is the administrative and banking centre that makes the Rhine-Ruhr area tick; and it has a lordly tendency to regard the other cities as its fiefdoms. Thus a man like Bertolt Brecht, the head of Krupp, may live and work in Essen, but he, together with all the other Ruhr industrial leaders, is thought of as part of the Düsseldorf *prominenz*, or establishment.

It is the *prominenz* that accounts for Düsseldorf's ambivalence about what to do with its wealth and power. Its members can never quite escape reminders that for generations such prominent Ruhr names as Krupp, Thyssen, Flick, and Mannesmann automatically evoked images of bloated, ultra-reactionary capitalists carving the markets of the world into fiefdoms.

Even more uncomfortably, they remember that in the early 1930s the industry club of Düsseldorf was the centre of the businessmen's conspiracy to put Hitler in power and that after the war many members found themselves before war crimes tribunals



The Thyssen building, Düsseldorf

answering questions about their role in supplying the Nazi military machine and employing slave labour.

As a result, many of the present generation from the old families have surrendered the responsibility for running their industry to a new, post-war breed of professional managers like Beitz.

But, if the old families have largely forsaken business for privacy or the sweet life, the firms that bear their names continue to lead an existence of their own. As Gabriele Henkel, Düsseldorf's most prominent society hostess, says:

"The families are not important any more. But the companies are very important."

In spite of Allied saturation bombing and the post-war outcry for dismantling of the Ruhr industrial complex, the great firms of the region have had a rebirth that has brought them into the present richer and more vigorous than ever.

From its Essen headquarters, Krupp still casts its shadow into every corner of the globe. Bayer Chemical still sprawls all over the Düsseldorf environs of Leverkusen,

and in central Düsseldorf the two most prominent landmarks in the skyline stand as monuments to the way in which the old firms have made the transition into the jet age. These are the 26-storey Thyssen Steel building, a slender shaft of soaring grace that is probably the most successful piece of modern architecture in Germany, and the slightly smaller Mannesmann Steel building, which spills its glass-and-steel reflection into the Rhine flowing along its side.

Their dominance over the

"This city has amassed an awesome amount of economic power. To understand why the mark is the world's strongest and most sought-after currency one need look no further than here."

—John Goshko reports from Düsseldorf, Sunday

city is a constant reminder of the unspoken alliance between business and Government that has been the basis of West German democracy ever since the founding of the Federal Republic in 1949.

In the past, this alliance has operated almost exclusively behind the scenes. Because of their memories, Düsseldorf's industrial leaders have been extremely hesitant to emulate the American system that sees Dillons, Rockefellers and Harrimans shutting between business and public service. But, as the recent monetary crisis showed, it is increasingly difficult to pretend that politics and economics do not intersect and the *prominenz* is reluctantly being forced to shed its inhibitions about getting "involved." In what was something of a precedent, one prominent Düsseldorf tycoon, Ernst Wolf Moosmayer, even left his job as general manager of Phoenix Rheinrohr to become an under-secretary in the Federal Defence Ministry.

Others have become more open about performing chores for the Government. For example, when Chancellor Willy Brandt launched his drive to improve relations with Eastern Europe, he was aided in the early stages by the extensive contacts in the East of Krupp's Beitz.

Even before he went directly into the Government, Moosmayer's business dealings with East Germany had served as an important conduit for keeping alive the dialogue between Bonn and Berlin. And Kurt Birrenbach of Thyssen was regularly called on by past Christian Democratic governments for delicate missions. In particular, his freedom from a Nazi taint (his wife is partly Jewish and he sat out the war in Argentina) gave him a big role in the negotiations leading to the establishment of diplomatic relations with Israel.

Another sign of how Düsseldorf is coming out of its old, closed-club attitudes is the appearance on the skyline of many buildings that bear such names as IBM and 3Ms, Chase Manhattan, and Fujii Bank. Contemporary Düsseldorf, then, is a city that is very much a part of that supra-national business web that leaps across national boundaries to stretch from the United States through Western Europe to Japan.

What has kept Düsseldorf from being the new, glamorous, vintages business centre is the sheer weight of its economic muscle and its yearning for sophistication. Because it is aware that the nobility-gentry society of other German cities regards it as hopelessly nouveau, Düsseldorf seems especially anxious

to prove that to be rich is not necessarily to be philistine.

Because of this yearning for sophistication, and because of the buying power of its financial elite, the city has come close to rivaling Berlin as Germany's greatest magnet for artists and writers. There are those like Günther Grass who dismiss the explosion in the arts as one more manifestation of the city's money. Others suggest even more nastily that the *prominenz* regards art in the same way that it does a good security—something to buy for its potential rise in value.

While these criticisms unquestionably contain more than a germ of truth, there is also no question that many important figures on the German art scene find Düsseldorf a highly congenial place. Heinz Mack, whose avant-garde works hang in many of the major museums of Europe and the U.S., says: "I wouldn't live anywhere but Düsseldorf, because it's the most art-loving city in Germany." And Count Wend von Kálnay, who is director of the excellent civic art museum, says: "This is an open city where outsiders with talent are accepted without prejudice and with interest."

Certainly the city's cultural tastes are catholic. The many fabulous art collections to be found here range all the way from one of the world's best assemblages of Meissen porcelain to the celebrated, state-owned collection of twentieth-century painting that includes 89 works by Paul Klee, a Düsseldorf resident for many years before he was exiled by the Nazis.

The starkly modern municipal theatre, with its two stages and 1,336 seats, is consistently one of Europe's trail blazers in the field of experimental drama; and the city also has a host of more modestly endowed but excellent theatre groups of the "off Broadway" genre.

"We're up there in Northern Europe, which I call the cold tropics," says one fashionable resident. "It's always cold and grey and enervating. But if people have a lively interest in the arts, they're politically aware, none of that matters. With that, Düsseldorf can be a splash of colour in the greyness of Northern Europe."

Many observers already predict that Bonn, which lies 50 miles away from Düsseldorf by the end of the Rhine, will be the unofficial political capital of Europe. What they overlook is the corollary of this proposition—that such an exclamation would go a long way toward destroying Düsseldorf the Continent's business capital—Washington Post.

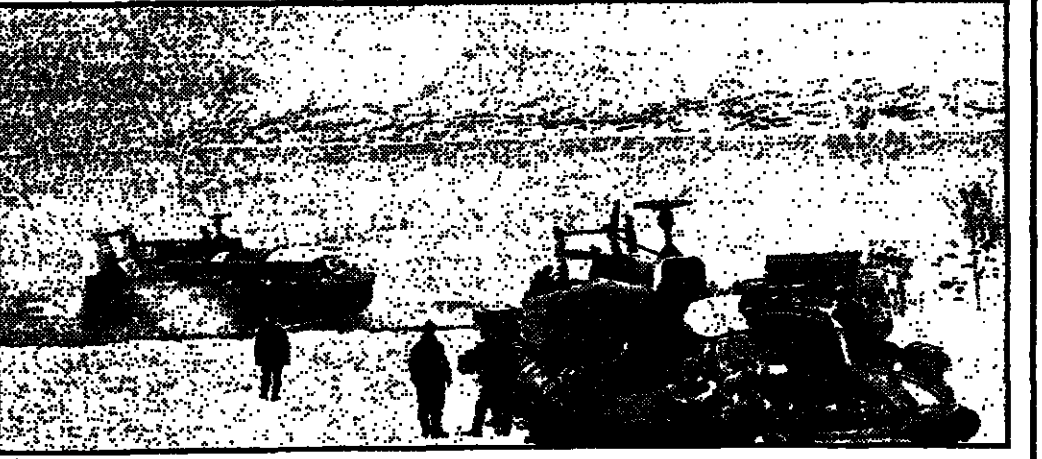
After Malta, a total frost?

by David Fairhall

NATO in a cold climate

THE NEW left-wing Icelandic Government's sudden decision to throw out the American forces has scarcely been noticed here by comparison with Mr Dom Mintoff's similarly inhospitable antics on Malta, but NATO's military planners will see the matter in quite a different perspective. For them, the arctic island has the positive strategic importance that Malta lacks.

For the moment, the southern island's value to the alliance, though real enough and worth paying hard cash for, is largely a negative one. There are plenty of alternative bases round the shores of the Mediterranean, even if the tenure of some of them cannot be indefinitely guaranteed. But for the Soviet Union, with no aircraft carriers and no land bases other than those acquired on uncertain terms in return for military aid, to the Arab countries, Malta would be a real strategic prize. So if



Lord Carrington is going to Malta this morning with an offer to increase the £5 million a year we pay for our facilities there, it will be little more than protection money. Basically we shall be trying to keep the Russians out.

Iceland, too, would be immensely valuable to the Soviet forces but for the moment this is not the issue. The Government in Reykjavik has not pulled out of NATO; it has simply asked the Americans to run down their base at Keflavik over the next four years and wants to renegotiate its 1951 defence agreement with the United States.

The military implications are none the less serious. Iceland sits right in the middle of the Greenland-Faroes gap; the last convenient point from which Soviet warships and naval aircraft can be monitored or intercepted before they move out into the open Atlantic. Equally, these are

the cold green waters in which the Russians' Northern and Baltic fleets exercise their defense each spring.

The Keflavik base is a US naval command and the aircraft stationed there delight the Soviet naval planners because there are so few alternative bases. The US Air Force has been given strictly limited facilities in Thule, Greenland, for its military aircraft command, Norway, whose radar provides the earliest warning of Soviet ships and aircraft heading south round the North Cape, may be asked to help. But it may well be that the nearest alternative to Keflavik, which is actually open to the American Orions is Kinloss, in Scotland, where they would simply be duplicating the work of RAF Strike Command's Nimrods.

Of the Soviet Union's three western fleets, it is the Northern, based in ice-free water near Murmansk and with a comparatively wide, deep access channel to the North Atlantic that poses the main potential threat to Western Europe.

The Russians have an enormous number of submarines; twice as many as the American and British navies combined. And by far the largest proportion of them, including about 50 nuclear powered boats, is stationed with the Northern Fleet. In the same way, a typical route for the long-range Russian reconnaissance bombers, more than 300 of which were intercepted by RAF fighters last year, is a wide sweep round the top of Norway and down towards the Faroes.

Iceland's new leaders may feel that their lonely arctic island has little need of NATO, but there is no doubt that NATO needs Iceland.

On the bar barricades

Geoffrey Sheridan at a turbulent legal talk-in

"EVERY TIME we go into court and try to get a man off we legitimise the system. This was put forward this weekend at a conference of radical lawyers in search of a role. It was no coincidence that the conference, held in London, coincided with the personal get-together: the radicals duly observed that the ABA does not hesitate to threaten their American colleagues with over-eagerly defend civil liberties."

But how many barristers and solicitors on this side of the water are prepared to lay down their careers on behalf of their clients—and would it help if they did?

Certainly, said the libertarians, who considered that lawyers should be eliminated and their legal know-how passed on to the people who need the confidence to conduct their own defence. No, said the Left, who were anxious to offer their skills to the people and were quite prepared to risk offending the disciplinary committee, but thought that professional martyrdom wouldn't help anyone.

In the end it proved to be a false dichotomy: everyone wanted involvement with community and an end to the privileged status of the lawyer and the "mystification" of the law. Meanwhile the lawyers were condemned by some of their regular customers for not being in the least radical.

"Every black case is of political importance to the police," said Tom Ladd, who described himself as an authoritarian. "But the politics of black power never come across. We must counteract smear for smear, and ask police witnesses how many times they've personally been on, how many drugs they've searched people in the streets without arresting them. We've got to demonstrate just how little respect they have for civil liberties law."

"It's no use cutting out as soon as the magistrate says the questions are irrelevant. Let him say he'll report you to the Bar Council. Tell him you'll report him to his association. Sure it's a bluff, a counter-bluff, but that's what courts are all about."

A black power man was not very impressed. In fact, he thought, incoherent for any lawyer to defend any of his people because their experiences are so sharp and profound that no lawyer could relate to them. And besides, black defendants were not necessarily concerned about going to prison if that best served their interests.

This was too much for some of the lawyers. John Platt-Mills, an elderly and dignified barrister, stood up to explain that he had some experience of a recent trial involving a police raid on a black gathering in South London and it was his impression that the defendants were

rather relieved that they weren't imprisoned. Nor did he think it helped matters when demonstrators paraded outside the court with placards accusing the jury of being "white racist pigs."

Ah, said the black power man, he had organised the demonstration and arranged for telegrams to be sent from all over the world to Heath, the Home Office, and the judge, warning them of the consequences of imprisoning the defendants. It was the effectiveness of this mobilisation, he claimed, which got them off.

Fine, said the Marxists, but don't forget that while minority and fragmented groups are oppressed by the police, lawyers must also reach trade unionists, tenants, and also poor people with HP problems. All law, they suggested, was political, so the answer they put forward was to set up local law centres which did not merely hand out radical law but explained what the law was about and what groups it was designed to protect. This was how the law could be "de-mystified."

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Divisional Marketing Manager, Textiles, BRITISH ENKALON LIMITED,
P.O. Box 62, Enkalon House, Rectory Road, Leicester LE1 9AF.

PRODUCTION CONTROLLER

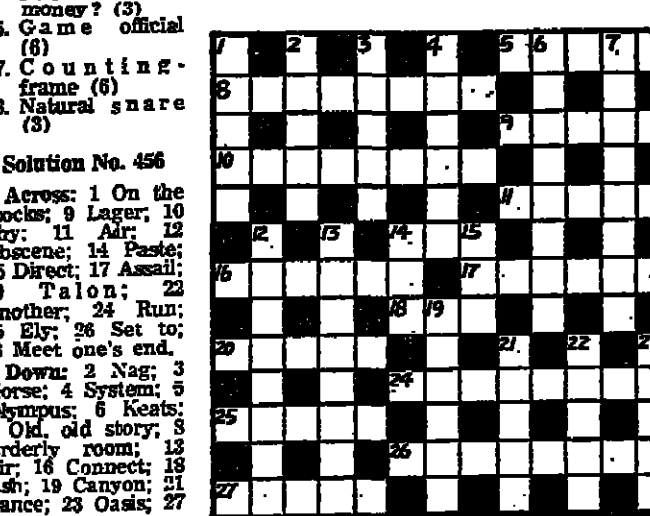
required by
Dawes & Co. (Nelson) Ltd.
Manufacturers of high-class furniture and industrial cloths.

Modern multi-shift machinery in operation. The position is well remunerated and salary paid will be commensurate with responsibility. This is an excellent opportunity for a person with experience in production control, preferably in the furniture or textile industry.

Apply in first instance to:
The Company Secretary.

QUICK CROSSWORD No. 457

- ACROSS
- The boy to cause worry?
 - Trustworthy (3)
 - Musical staff (5)
 - Throw into disorder (8)
 - One of the USA (5)
 - Intense desire for Japanese money? (3)
 - Game official (6)
 - Counting-frame (6)
 - Natural snare (5)
- DOWN
- Danger (5)
 - Unharmful (4-4)
 - Ape (5)
 - Commonly mad (8)
 - Border (5)
 - Pot or jar (5)
 - Gentle (3)
 - Leading citizen (5)
 - Quick look (8)
 - Window bar (8)
 - Very hungry (8)
 - Pooble - minded (8)
 - Restricting (8)
 - Tree (3)
 - Seize (3)
 - Again! (6)
 - Adhere (5)
 - A European (5)
 - Minimum (5)



Solution No. 456

Across: 1 On the shoals; 9 Lager; 10 Shy; 11 Air; 12 Obscene; 14 Fanny; 15 Direct; 17 Assail; 20 Talon; 22 Another; 24 Run; 25 Set; 26 Meet one's end; 27 Down: 2 Nerve; 3 Horse; 4 Struggle; 5 Olympus; 6 Keats; 7 Old, old story; 8 Orderly room; 13 Star; 16 Connect; 18 Ash; 19 Canyon; 21 Lance; 23 Oasis; 27 Tan.

UKAEA CIVIL ENGINEERING ASSISTANT (DRAUGHTSMAN)

A vacancy exists at the Risley establishment of the United Kingdom Atomic Energy Authority for a Civil Engineering Assistant at a salary within the range of £1,380 to £1,925 per annum, depending on age and experience. There is also a £500 allowance to be reviewed at the end of 1971.

Opportunities will be provided for gaining experience in the preparation of General Arrangement and Detail drawings required in connection with the wide range of projects which the UKAEA is responsible. The work includes Chemical Process Buildings, Laboratories, Offices, Stores and Workshops, etc., in addition to the more specialised structures associated with advanced Nuclear Reactor Projects.

Applicants must possess an appropriate ONC or equivalent qualification and have had some years' experience in the design of one or more of the following branches: Water supply, internal cold water and plumbing services, drainage, roadworks. Some experience in detailing reinforced concrete and/or structural steelwork would be an advantage.

Excellent working conditions include 18 working days' annual leave plus 83 days' public and privilege holidays, 5-day week, Contributory Superannuation Scheme, and educational training facilities with the possibility of day release.

Young men who have the necessary qualifications and experience are invited to write for an application form quoting reference 5949/C to: The Staff Officer, Reactor Group, Room 0231, United Kingdom Atomic Energy Authority, RISLEY, Warrington, Lancs.

Closing Date: 9th August, 1971.

ACCOUNTANT

EATON LIMITED, have a vacancy for an Accountant, to join a Management Accounting Team. The successful applicant will be under 25, and will have completed at least Part 11 I.C.M.A. or equivalent. His duties will be to assist in the preparation of monthly and annual management accounting data, profit forecasting, etc. A knowledge of Data Processing techniques will be an advantage.

A good competitive salary will be paid. The post also carries Superannuation and Sick Pay Schemes, and free Life Assurance cover.

Write in first instance to:-
Mr. P. Kershaw,
EATON LIMITED,
Transmission Division, P.O. Box 11,
Worsley, Manchester.

EATON

PUBLIC APPOINTMENTS

UNIVERSITIES

The University of Lancaster

Applications are invited for the post of **Assistant Secretary** (Co-ordinator) in the Department of Botany.

The duties will be to assist the Secretary in the day-to-day running of the Department, and to act as a liaison between the Department and the University. The successful applicant will be responsible for the preparation of the Department's budget, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Lancaster, Bailrigg, Lancaster LA1 4YW.

University of Liverpool

Applications are invited for the post of **Assistant Secretary** (Co-ordinator) in the Department of Botany.

The duties will be to assist the Secretary in the day-to-day running of the Department, and to act as a liaison between the Department and the University. The successful applicant will be responsible for the preparation of the Department's budget, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

SITUATIONS

MANAGERS & EXECUTIVES

BRANCH MANAGER required for Retail Furniture Specialist, experienced in all aspects of retail furniture, with a minimum of 5 years' experience in a similar position. Salary commensurate with experience.

Apply to: S. J. CARTWRIGHT & SONS, 15, The Quadrant, Manchester M2 1BB. Telephone: 061-928 5530.

Motor Trade

SALES EXECUTIVE

Medium-sized, well-established, mid-Lancashire Motor Dealer, requires a well-qualified person to undertake the duties of a Sales Executive. The successful applicant will be responsible for the sale of new and used cars, and for the management of the sales team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

PROFESSIONAL APPOINTMENTS

Assistant Accountant

A qualified or partly qualified Accountant, aged 25-35, with experience in the preparation of financial statements, and in the management of the accounts of a business. The successful applicant will be responsible for the preparation of the company's financial statements, and for the management of the accounts.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

University of Strathclyde

Department of English Studies

LECTURESHIP

Applications are invited from persons qualified for the post of **Lecturer in English** in the Department of English Studies.

The duties will be to deliver lectures, to supervise students, and to engage in research. The successful applicant will be responsible for the delivery of lectures, the supervision of students, and the engagement in research.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

GENERAL

JOINT BOARD OF CLINICAL NURSING STUDIES

ADMINISTRATIVE OFFICER

Applications are invited for the post of **Administrative Officer** in the Joint Board of Clinical Nursing Studies.

The duties will be to assist the Secretary in the day-to-day running of the Joint Board, and to act as a liaison between the Joint Board and the University. The successful applicant will be responsible for the preparation of the Joint Board's budget, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

University of Liverpool

Applications are invited from persons qualified for the post of **Domestic Tutor** in the Department of Botany.

The duties will be to assist the Tutor in the day-to-day running of the Department, and to act as a liaison between the Department and the University. The successful applicant will be responsible for the preparation of the Department's budget, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

University of London

King's College

ASSISTANT SECRETARY

Applications are invited for the post of **Assistant Secretary** (Co-ordinator) in the Department of Botany.

The duties will be to assist the Secretary in the day-to-day running of the Department, and to act as a liaison between the Department and the University. The successful applicant will be responsible for the preparation of the Department's budget, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

The University of Sheffield

RESEARCH STUDENTSHIP IN INORGANIC CHEMISTRY

A vacancy has occurred for a **Research Studentship** in the Department of Inorganic Chemistry.

The duties will be to carry out research in the field of inorganic chemistry, and to write a thesis. The successful applicant will be responsible for the carrying out of research, and for the writing of a thesis.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

University of Strathclyde

Department of Arts and Social Studies

LECTURESHIP IN LIBRARIANSHIP

Applications are invited from persons qualified for the post of **Lecturer in Librarianship** in the Department of Arts and Social Studies.

The duties will be to deliver lectures, to supervise students, and to engage in research. The successful applicant will be responsible for the delivery of lectures, the supervision of students, and the engagement in research.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

University of Strathclyde

Department of English Studies

LECTURESHIP

Applications are invited from persons qualified for the post of **Lecturer in English** in the Department of English Studies.

The duties will be to deliver lectures, to supervise students, and to engage in research. The successful applicant will be responsible for the delivery of lectures, the supervision of students, and the engagement in research.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

GENERAL

JOINT BOARD OF CLINICAL NURSING STUDIES

ADMINISTRATIVE OFFICER

Applications are invited for the post of **Administrative Officer** in the Joint Board of Clinical Nursing Studies.

The duties will be to assist the Secretary in the day-to-day running of the Joint Board, and to act as a liaison between the Joint Board and the University. The successful applicant will be responsible for the preparation of the Joint Board's budget, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

SITUATIONS WANTED

BACHELOR, aged 27, qualified A.I.B.

15 years International Banking, experience mainly in the UK. Seeking a position in a bank or financial institution. Salary commensurate with experience.

Apply to: S. J. CARTWRIGHT & SONS, 15, The Quadrant, Manchester M2 1BB. Telephone: 061-928 5530.

PUBLIC APPOINTMENTS

HOSPITAL APPOINTMENTS

Stockport and Buxton Hospital Management Committee

SENIOR ADMINISTRATIVE OFFICER
(Salary: £1,767 to £2,217 per annum)

Following the retirement of a Senior Administrative Officer, the Committee is seeking a replacement. The successful applicant will be responsible for the day-to-day running of the Committee, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

Stockport and Buxton Hospital Management Committee

STEPPING HILL HOSPITAL

PRINCIPAL MEDICAL SOCIAL WORKER

required at Stepping Hill Hospital, Stockport, a general and maternity hospital, to provide social work services to patients and their families. The successful applicant will be responsible for the provision of social work services, and for the management of the social work team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

City Hospital, Nottingham

LOCAL GOVERNMENT

Borough of Stretford

DENTAL AUXILIARY (FULL-TIME)

The work is varied and can be arranged to suit the applicant. The successful applicant will be responsible for the provision of dental services, and for the management of the dental team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

Stockport and Buxton Hospital Management Committee

EXPANDING TOWN UNDER THE 1933 ACT

ASSISTANT TOWN CLERK (SOLICITOR)

The post ranks third in the Borough's list of posts. The successful applicant will be responsible for the provision of legal services, and for the management of the legal team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

Stockport Sick Poor Nursing Association

CHARTERED PHYSIOTHERAPIST

required to provide full-time services to patients in the Stockport Sick Poor Nursing Association. The successful applicant will be responsible for the provision of physiotherapy services, and for the management of the physiotherapy team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

EDUCATIONAL

BROMLEY, KENT

BISHOP CHALLONER SCHOOL, Bromley Road, Shortlands, Bromley, Kent. 01-460 3546.

Urgently required

SEPTEMBER, 1971

GEOGRAPHY MASTER

Some 'O' and 'A' level work.

CONTACT HEADMASTER IMMEDIATELY

Recognised R.C. Boys' Day Grammar School, Burnham + London allowance. Government Superannuation.

St Helens Education Committee

GRANGE PARK SECONDARY SCHOOL

Applications are invited for the post of **Assistant Master/Mistress** for Music, Scale 1 (Grade 5) is available for a full-time post. The successful applicant will be responsible for the provision of music services, and for the management of the music team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

Essex County Council

DOUCECROFT HOSTEL - KILVEDON

Married couple without young children required for the post of **Assistant Master/Mistress** for Music, Scale 1 (Grade 5) is available for a full-time post. The successful applicant will be responsible for the provision of music services, and for the management of the music team.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

ST ALBAN'S R.C. SECONDARY SCHOOL

ASSISTANT MISTRESS FOR LOWER ENGLISH

The term of application to be returned to the Secretary, St Albans R.C. Secondary School, St Albans, Herts. SG1 1AA.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

ST ANSELME'S R.C. SECONDARY SCHOOL

ASSISTANT MASTER/MISTRESS FOR MATHS

The term of application to be returned to the Secretary, St Anselme's R.C. Secondary School, St Anselme, Herts. SG1 1AA.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

ST CUTHBERT'S R.C. SECONDARY SCHOOL

ASSISTANT MASTER/MISTRESS FOR P.E.

The term of application to be returned to the Secretary, St Cuthbert's R.C. Secondary School, St Cuthbert, Herts. SG1 1AA.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

ROBINS LANE SECONDARY SCHOOL

ASSISTANT MASTER/MISTRESS FOR P.E.

The term of application to be returned to the Secretary, Robins Lane Secondary School, Robins Lane, Herts. SG1 1AA.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

Lancashire County Council

Area Social Services Committee No. 16

URRSTON, MANCHESTER SOCIAL WORKERS

(Salary: £1,767 to £2,217 per annum)

For work in connection with the Urrston Social Services Committee, the Council is seeking a replacement. The successful applicant will be responsible for the day-to-day running of the Committee, and for the management of its finances.

Applicants should have a degree in Botany or a related subject, and should have some experience in administrative work. They should also be able to write in English.

Applications should be sent to the Secretary, Department of Botany, The University of Liverpool, Leahurst, Neston, Liverpool L69 3GB.

COURSES AND SEMINARS

LIVERPOOL POLYTECHNIC

SCHOOL OF INDUSTRIAL DESIGN

BIP. DES. (L'POOL) COURSES IN DESIGN

Professional training of three years duration in Industrial Design given in association with specialists in other Polytechnic departments.

Further particulars and application forms from:
Head of School of Industrial Design,
Dept. G,
Hope Street, Liverpool L1 9EE.

SPEAK FRENCH IN 8 WEEKS!

"WHILE VACATIONING ON THE FRENCH RIVIERA"

SPEECH FLUENCY achieved by complete all-day immersion in all-French-speaking environment with specially trained teachers using the proven Institut de France audio-visual methods. Course includes intensive class work, discussion, lunch, excursions, and meals included in tuition.

Next 4 or 8-week course starts August 2nd/August 30th and all year. For beginners, intermediate or advanced.

Apply: INSTITUT DE FRANCAIS GG-16 & 19, Rue de la Malmaison, 06-Villefranche-sur-Mer.

EDUCATION

PASS YOUR G.C.E.

The new course for G.C.E. is now being offered by the R.C. Home Study Centre. No previous knowledge required. Tutoring by R.C. Home Study Centre. Tutoring by R.C. Home Study Centre. Tutoring by R.C. Home Study Centre.

THE RAPID RESULTS COLLEGE

LEGAL NOTICES

PRESTIGE POULTRY PRODUCE LIMITED

NOTICE IS HEREBY GIVEN, that pursuant to section 299 of the Companies Act, 1948, the Members and Creditors of the above-named company are required to submit their claims to the Liquidator of the company.

FOR SALE

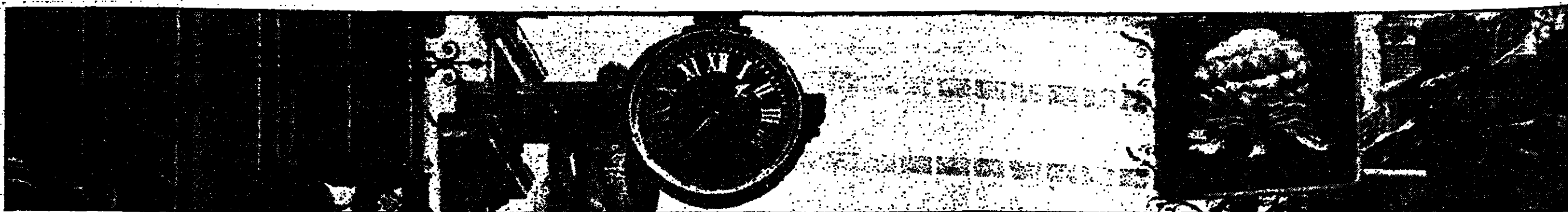
BUSINESSES

ACTIVE BUSINESS OPPORTUNITIES

and FLOWERS, situated in a well-established factory close to Manchester city centre with excellent facilities for the production of flowers. The business is for sale at a price of £10,000. The successful applicant will be responsible for the provision of flower services, and for the management of the flower team.

WORLD BANKING

A GUARDIAN SPECIAL REPORT



This little City went to Market...

J. R. H. COOPER, of J. Henry Schroder Wagg, on the City of London's rôle in Europe

TO THE AUTHORS of the famous White Paper of February, 1970, on the balance of payments effects of British entry into the Common Market, increased invisible earnings by the City of London was expected to be one of the principal pluses in the equation. "The contribution of the City of London," they wrote, "should bring benefits not only to the United Kingdom but to other members of the EEC as well. The City can offer a wide range of financial and commercial services—not only insurance but also banking, shipping, merchanting, commodity markets, and portfolio management—which is unrivalled outside the United States. With greater awareness of the diversity and sophistication of these facilities both we and our future partners can expect to gain increasing advantage."

How do these expectations relate to the financial services which the City has to offer: banking, short-term money markets and foreign exchange and long-term capital markets?

A Good Thing or a Bad Thing?

THE FIRST POINT about the City's banking activities is to distinguish between the City as an international banking centre and the City as the banking centre of the British economy. Many institutions, such as the larger merchant banks, participate in both these functions; but the distinction is nevertheless clear-cut. In essence, the distinction is based on the exchange controls and other regulations imposed on domestic banking, from which the international banking functions are almost entirely free. Indeed, in its capacity as an international banking centre the City enjoys a freedom and flexibility in matters of tax, exchange control, and banking regulations which is not equalled in any other financial centre of any size.

On the other hand, in its capacity as a domestic banking centre for the British economy, the City has been heavily circumscribed and frustrated in recent years by the limitations of the sterling credit squeeze and the conventions observed by the clearing banks; and while the ceilings on sterling lending are probably about to be eased, the regulatory arrangements described in the consultative document on "Competition and Credit Control" issued by the Bank of England on May 28 seem likely to perpetuate a high degree of official regulation of domestic banking—but also the present lack of official regulation of the City's international banking.

It is not clear how British entry into the Common Market will affect this division of the City's activities. It depends on the progress towards monetary union within the Common Market, and on the extent to which the paraphernalia of such monetary union is established—in terms of common exchange control towards the outside world and common credit controls and banking regulations within Europe. In so far as European monetary union remains a distant objective and its paraphernalia the subject of academic debate rather than practical legislation, British entry into the Common Market will probably have little effect on the City's banking arrangements: domestic banking with all its restrictions will continue to service the domestic British economy and Europe will remain a part of the City's international clientele.

Six or nine months ago, one might have been forgiven for expecting that European monetary union was a rather more immediate prospect. There seemed to be evidence at the annual meeting of the International Monetary Fund in September, 1970, of a definite determination by European Governments and central bankers to push forward with the idea of monetary

union as one of the more specific and attainable ends in the next stage of the Common Market's development; and since then we have had the adoption of the Werner Plan with its staged progress towards complete monetary union by 1980.

But the floating of the Deutschmark by the German Government in May of this year, the consequent shelving of the Werner Plan to start narrowing the exchange rate bands of Common Market currencies in June, and the sharp debate on monetary, exchange rate, and exchange control policy that has ensued between the Germans, the Commission and the rest of the Community seem to have pushed genuine European monetary union off the programme of what is politically realistic for the foreseeable future.

But if monetary union were to become a realistic prospect, it would have two major repercussions on the rôle of the City in relation to Europe: it would transfer the City's European business from its "international" arena to its "domestic" arena; and it would hasten the emergence of a single financial centre of Europe and thus sharpen the competition between the City and other contenders for that rôle.

It is possible to argue that an enlargement of the City's "domestic" operations to embrace the whole of Europe might well, in fact, curtail the City's operations overall and thus reduce its overall invisible earnings. If banking regulations and controls grow up within the Common Market to as formidable an intensity as those experienced in Britain in recent years, then much of the City's current banking business with Continental Europe—in the sense of lending Euro-currencies to European companies—would be inhibited. If controls were imposed on banks within the Common Market on their operations outside it comparable to those which are currently imposed by several Common Market countries on banks within their borders, these would almost certainly inhibit the rest of the City's international business—with North and South America, Africa, and Australasia.

But to draw attention to these possibilities is not to predict them as probabilities. It is much too early to count up whether, and by how much, British membership of the Common Market is a Good Thing or a Bad Thing for the City.

Don't bank on it

IF AND WHEN monetary union emerges in Europe, it is probably natural to expect the emergence of a single European financial centre—not to the exclusion of other, more local, financial centres but as the main hub of the money and capital markets of Europe, round which one would expect Common Market-wide financial institutions to plant their headquarters. The gradual emergence of Frankfurt over the past few years, as the accepted financial centre of Germany without the disappearance of more local centres such as Hamburg, Düsseldorf, and Cologne is a precedent for what one would expect to happen in Europe as a whole.

In this sense, there is every reason to hope and expect that London's chances of becoming such a financial centre of Europe are high. The facts that London is the undoubted centre of the genuinely international short-term capital and money markets comprised by the market for Euro-currency deposits and that so many foreign banks have been attracted to open up branches, subsidiaries, and representative offices within the City should ensure that London has a head start over other centres in the provision of the sheer institutional infrastructure required for a sophisticated short-term money market.

But one should beware of assuming that this supremacy will automatically spread to other areas of banking, of which the principal ones are probably commercial banking and long-term capital markets.

Branches everywhere?

COMMERCIAL BANKING services, are of course, already provided throughout the Common Market by the national domestic banking systems. It would be presumptuous to assume that the British banking system—and in particular, the British clearing banks—could offer a better commercial banking service to German industrial and commercial organisations and the German public than the existing German banks such as the "Big Three"—Deutsche Bank, Commerzbank, and Dresdner Bank. It would be downright ridiculous to believe that, even if the British banking services were superior, the local European banks with their entrenched relationships with their customers, would allow the British commercial banks calmly to step in and raid their clientele.

For these reasons, it is doubtful whether London will quickly become the centre of commercial banking through the expansion of the branch network of commercial banks headquartered in London. In due time, London may possibly become such a centre of commercial banking through the linking of existing national banks across national frontiers—of which the cooperation between Commerzbank, Credit Lyonnais, and Banco di Roma may prove to be but an initial straw in the wind—and through the London end of such co-operatives becoming their headquarters due to their geographical proximity to London's money markets. But such a development must still be seen as a very long way off and London's central position more as a hope than a forecast.

Capital of capital?

LONDON'S LONG-TERM capital market is unquestionably the largest and most sophisticated in Europe. Both the "primary" market for raising new money by the new issue of both ordinary shares and fixed-interest stocks and the "secondary" market for the purchase and sale of stocks and shares already in issue enjoy a more sophisticated machinery capable of handling far greater volumes of money than any other in Europe. But it does not necessarily follow that this superiority will make London the natural home of Europe's long-term capital market, for several reasons. First, while it is undoubtedly true that the London Stock Exchange provides a secondary market in stocks and shares infinitely larger and more sophisticated

than any in Europe and second only to New York, this may well prove to be an historical asset of no great application to the Europe of the future. It is quite probable that the small savers of Europe—and increasingly in Britain as well—will look to institutional vehicles for investment—such as investment trusts, unit trusts, pension funds, and life assurance companies—rather than direct investment in stocks and shares of individual companies through the Stock Exchange. If this happens, the secondary market in stocks and shares will become a wholesale market between institutions; and for this the retail market with all its sophistication provided by the Stock Exchange may not necessarily emerge as the obvious centre. Indeed, the current scales of commissions and "jobbers' turns" charged in the Stock Exchange bid fair to drive away any wholesale business which may develop in Europe.

It may be argued that whatever the future of the secondary markets in stocks and shares, London's experience and expertise as a primary market will draw such business to British stockbrokers, merchant banks, and investment institutions. But there are powerful arguments against such a view. The lesson of history is surely that a primary market in long-term capital is most likely to grow up in that centre where most of the investible funds are available: London and later New York became great international capital markets just because those two centres were at that time the principal sources of long-term capital for investment throughout the world. With the current respective rates of savings and economic growth in Britain on the one hand and continental Europe on the other, it is difficult to imagine the British institutional investors centred in London proving a greater source of investible funds than, say, the savings institutions of Germany.

Again, it may be argued that the seekers of long-term capital—the great industrial and commercial corporations of Europe—are scattered across the Continent and Britain, and that the institutional investors which are the sources of such capital are likely to remain scattered across the Continent as well. In these

conditions, one might suppose that some common central market place should emerge in which borrowers and lenders would be matched. But if it is right to predict that at this point the long-term capital market will be essentially a wholesale market, it is probably not necessary for such a market to have a physical, geographical centre at all.

Stand on your own Six feet

FOR ALL THESE REASONS it is difficult to share the optimism of the 1970 White Paper about the direct effect of British entry into the Common Market on the City's invisible earnings for specifically financial services. Neither do these arguments yield a clear-cut conclusion that British entry would be bad for the City. Rather, three other conclusions emerge.

1 THE DIRECT EFFECTS of British membership on the City will be greater, the closer the Common Market approaches a condition of full monetary union: if the prospects of such union remain as distant as they are today, the direct effects are likely to be small.

2 IF AND WHEN progress is made towards monetary union and the paraphernalia of banking regulations, exchange control, and exchange rate control is developed on a European basis, its effects on the City's operations will depend very largely on the nature and small print of these regulations and controls.

3 IF MONETARY UNION is achieved, the City may not have many inherent advantages over other contenders to be Europe's financial centre; but it need not have any inherent disadvantages either. In the context of monetary union, British entry will mean increased competition for the City, as it does for so many industries; one's self-confidence need not reach the proportions of conceit to believe that in these circumstances British entry and progress towards monetary union should benefit the City significantly. If it does not, the City will have no one to blame but itself.

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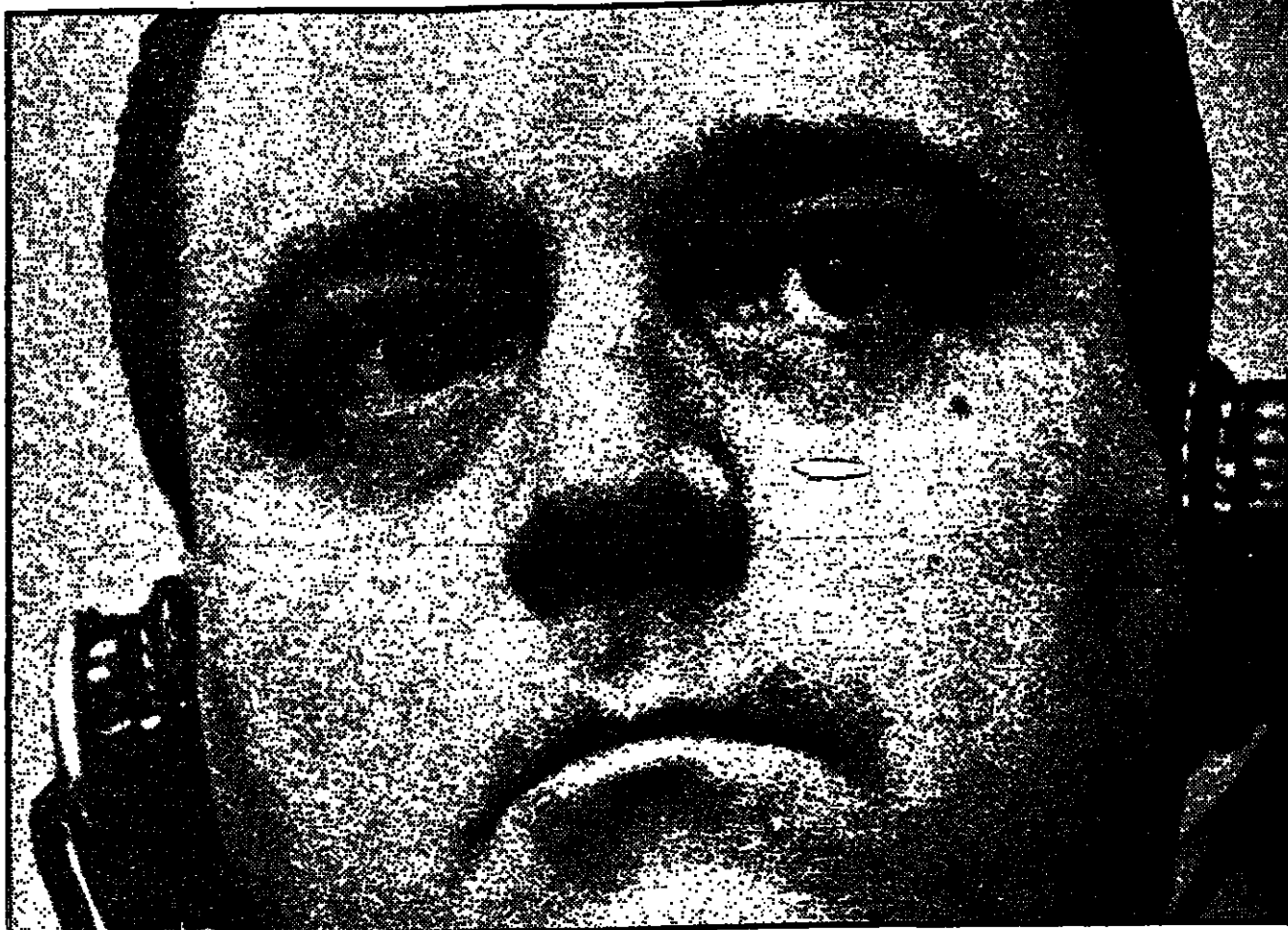
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WORLD BANKING



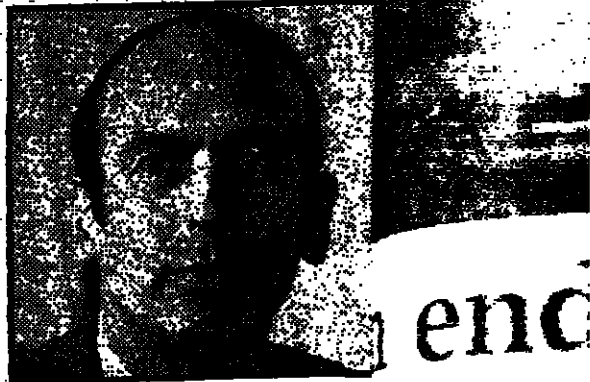
Raymond Barre



Pierre-Paul Schweitzer



Karl Schiller



Giscard d'Estaing

The money changers

ANTHONY HARRIS, our Economics Editor, investigates the undercover negotiations leading up to the next meeting of the International Monetary Fund

FOR ONCE, there is a distinct likelihood that something could happen at the annual meeting of the International Monetary Fund. The French and Germans are not really so very far apart in their viewpoint, in spite of public disagreements; indeed, there is an obstinate rumour in Brussels that they are secretly agreed, but unwilling either to assist currency speculators or publicly humiliate them in institutions of the EEC by announcing a bilateral collusion.

The British, in spite of Mr Anthony Barber's hasty commitment to rigid exchange rates in Copenhagen last year, seem in fact perfectly willing to go along with anything

that can be agreed. The Americans are belatedly realising that their deficit is not just a problem for other people—and that, perhaps, is the most important development of all. The Japanese, though, could still be a problem.

However, before we come to the Japanese, it would be as well to explain what is being agreed by everyone else, and why.

The melodramatic events up to May 10, vividly described by Brian Tritten in another article, represented a new kind of monetary crisis. As the Organisation for Economic Co-operation and Development has remarked in its mid-year summary of the economic outlook, for the first time four countries have taken exchange rate action without any sign of "fundamental disequilibrium" in their basic balance of payments.

Now the Charter of the International Monetary Fund calls for exchange rates fixed within tight 1 per cent limits except in cases of fundamental disequilibrium; and if this is taken seriously (it is the heart of the system intended to prevent competitive devaluations), then Austria was just as much in breach of the Charter when she revalued as were Germany and Holland when they floated their currencies. (Why, you may ask, no reproach for Switzerland? Because Switzerland is not a member of the IMF.)

This is not just a nagging point of IMF regulations, but the heart of the matter. The fact is that a crisis provoked simply by vast flows of capital in search of higher interest rates is not only entirely new, but so new that it was never envisaged by the architects of Bretton Woods. There is no provision for countries to revalue or float simply in order to preserve their monetary autonomy, which is basically what happened in May, because the problem was never envisaged.

That, at least, is the official account of the matter, and one which is supported by much verbiage from the

unfashionable of all doctrines.

Another explanation was recently suggested to me by a senior British Treasury official. "Schiller," he said, "has both the imagination—and the right economic history—to treat exports as just another component of demand, to be managed in time of difficulty." In other words, the German float is essentially a conjunctural move—the ideal anti-inflationary weapon.

Professor Schiller has been much abused for refusing to tackle excessive demand through fiscal policy, and called a political coward for this omission. But perhaps he has noticed—as the British have noticed—that fiscal attacks on consumption are likely to raise prices, and that raising prices is not a helpful move at a time of cost inflation.

Allowing the parity to float upwards, on the other hand, kills a number of birds. It makes imports cheaper, and thus helps to restrain prices. It reduces export demand (or squeezes export profit margins, which may come to the same thing) and so helps to deflate total demand. It discourages foreign borrowing, because there is a risk that the parity might float down again during the period of a loan—thus imposing a loss on a man who borrows dollars to convert into the local currency. Finally, it is relatively painless in domestic political terms (voters like to see their Governments take an independent line).

Now if Professor Schiller has indeed persuaded his French counterpart, M Giscard d'Estaing, of the merit of this reasoning, we can reasonably guess what the EEC line is likely to be. Brussels is not the only place where well-informed people believe that the agreement is largely achieved: one hears much the same from Paris. Certainly there is a new readiness to look at flexibility of European currencies vis à vis the dollar (to the infinite chagrin of M Raymond Barre, the EEC Vice-President and monetary expert). After all, the German approach can be

described as a gesture of sturdy independence of the United States, and even as an anti-American move to re-export inflation across the Atlantic. It ought to appeal to the French.

I have indulged in this long excursion into political economy, because I think that in this light the rather familiar package of monetary reforms—wider parity bands coupled with smaller and more frequent parity changes—looks rather different. It was born as "band and crawl"—an ingenious proposal by Mr Stephen Marris of the OECD in Paris (see his "Burgstock Memorandum")—to combine the merits of flexibility and relative cer-

tainty, and take the drama out of balance of payments crises.

It has since, it is reported, found favour with M Pierre-Paul Schweitzer, the managing director of the IMF, who has long favoured smaller and more frequent parity moves (and would probably like to put them under the management of the IMF itself). Mr Marris proposed that the parity changes should normally be within the market bands, so that a devaluation or revaluation might be as undramatic as a change in Bank rate—largely a matter of following the lead of the market. Such a lack of drama would make it easier for the IMF to play an influential role.

But Professor Schiller and his independence movement

in the first place, and insist that the Americans should provide a suitable interest-paying investment for the unwanted dollars.

Suddenly the situation no longer suits the American half so well as it did. As long as unwanted dollars (as wanted by central banks, this) were lent in the Euro market, the essential effect was that Euro-borrowers—Greek shipowners, Swiss multinationals, and the rest—were kind enough to pay the interest on what was a bottom United States debt. No wonder the US believes in "benign neglect."

But since the Federal Reserve Board started "discussing" with foreign central banks their investment needs, as the official phrase is, we have heard about cer-

It is suddenly in the American interest that countries like Germany should tackle their inflation problem through a float which reduces German exports rather than a squeeze which might drive them up. And it would be better still if the Japanese would do the same.

—If I read his motives aright—is not at all concerned to dramatise the situation (that would be done in other ways, which are discussed below). He is concerned with enough flexibility to allow Germany, or the whole EEC, to manage exchange rate variations over a fairly wide range (5 or 6 per cent top to bottom) in a counter-cyclical way. In recession, move down; in demand inflation, move up. In cost inflation, move up and pray...

Meanwhile, what about the Eurodollars? Floating may keep the feet dry, but it doesn't make the floods go down. Here there is a second drama in progress, which has had much less publicity than the float-or-peg argument, but may prove just as important.

The history goes back a couple of years, when the US balance of payments (on a settlement basis) first swung into really heavy deficit. All over the world, central banks were piling up dollars, which they did not need and found it hard to invest (the dollars were leaving the US partly because of restrictions on banks' deposit rates there, and latterly because of generally low interest rates).

The solution—an almost incredibly silly one in retrospect—was to deposit the dollars with the Bank for International Settlements, which in turn lent them out in the Eurodollar market to borrowers many of whom, in turn, used them to buy local currencies, driving the dollar to its exchange floor and forcing buying by central banks who deposited their unwanted dollars with the BIS. . . . I could go on and on, and the dollars did. In two years some \$15,000 millions of central bank reserves were created out of thin air by this crazy machine.

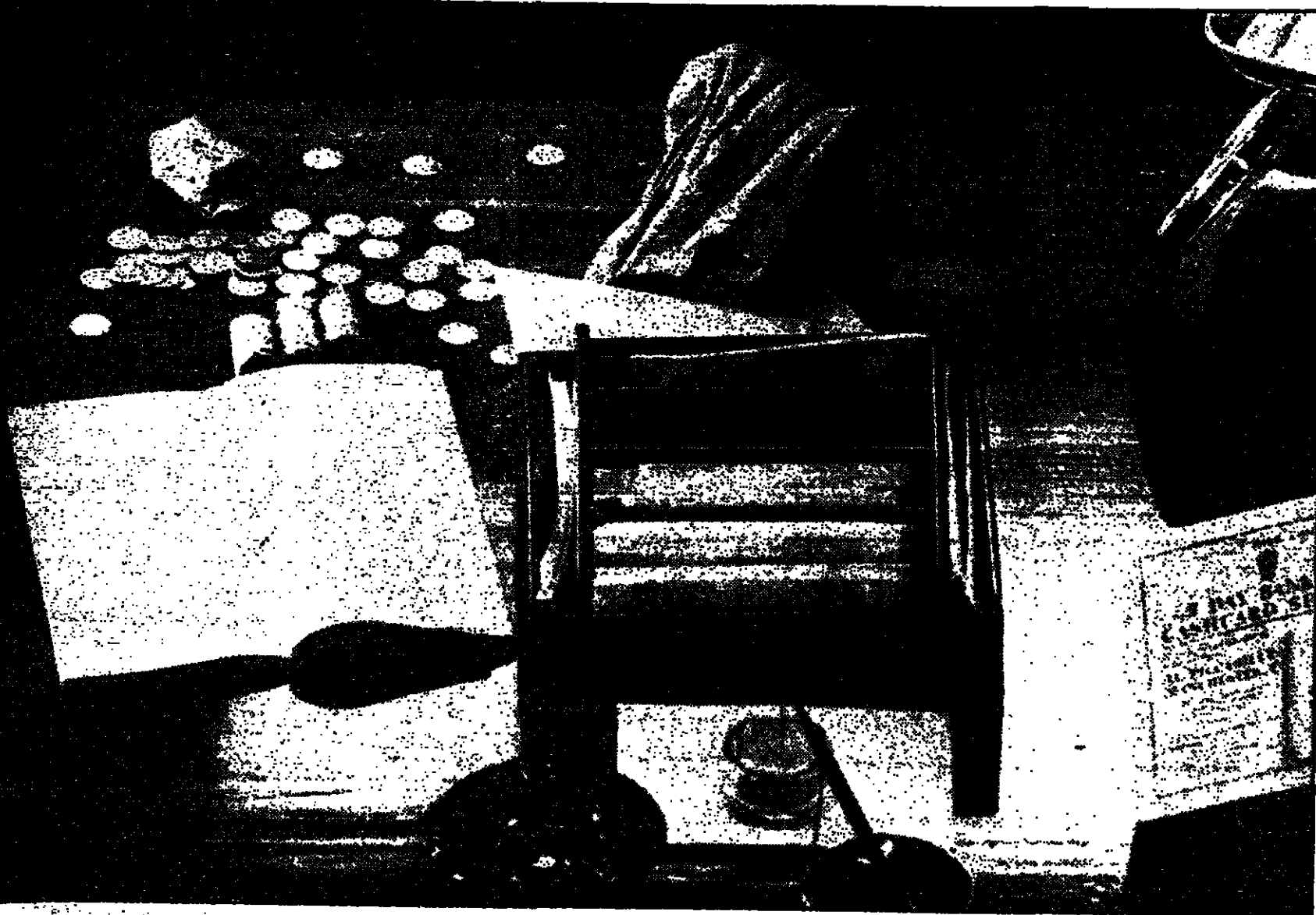
This year the dollar dropped, as it were. Since May the BIS has promised to stoop to folly no longer. Much more important, the central banks of the world are doing what they should have done

cern. The balance of payments is suddenly an American problem after all. Because when the first Congress grasps the fact that taxpayers' money, good American money, is being used to pay interest to foreign central banks—banks in countries sheltering under American might . . . well, there might be a little political problem.

So it is suddenly in the American interest that countries like Germany should tackle their inflation problem through a float which reduces German exports rather than a squeeze which might drive them up. And it would be better still if the Japanese would do the same. And given wider bands, the yen can be forced so tight against a new ceiling that a gentler series of "smaller and more frequent parity changes" (upwards) might seem the best face-saving solution. At so the devaluation of the dollar might be achieved.

Our simplified scenario 1972 is now complete. agreement in Washington wider bands and smaller more frequent parity changes—as a prelude to a series of moves which will effectively devalue the dollar mild against most other currencies (but possibly not sterling). Meanwhile, a concerted move by European central banks to draw funds out of swollen Eurodollar pool to repatriate them. Therefore high Eurodollar interest rates—which will in any case be necessary to compensate lenders of a depreciating currency, and stop hoarding switching out—as well as reasonably tight conditions in European currencies—at the same time the European authorities may find necessary to finance a flow, as the dollars they have so liberally created van back into thin air. All of these moves are too, require agile bankers. "summer" has proved the athleticism fairly well, of a failure of nerve in Washington in September, postpone the big scheduled event.

WORLD BANKING



An end to public service

HAMISH McRAE on the new credit controls

FILE NO ONE, least of all the clearing banks, has precisely how the new credit controls—outlined by the Bank of England in May—will work in practice. It is only possible to see the national changes that the banks will have to make use of them.

It is because the controls, though new, even revolutionary in themselves, are really part of a wider change in clearing banking has been going on now at least four years: the old and painful change being semi-official bodies acting one eye to the public and the other to the industry, having to state for its business.

The new controls may be the most important single change affecting the clearing banks because they put them on the same basis as other financial institutions. They will remove both the interest-rate cartel and the privilege of having to maintain cash and liquidity that are not imposed on other institutions.

They will also end the lending ceilings which were more rigidly applied to the clearing banks than they were to their competitors. But they only take farther the process that has already started, with the disclosure of full profits and the setting up of special subsidiaries outside the rules of clearing banking.

One can see the change—and the difficulties it creates—starting to appear in ordinary day-to-day banking. National Westminster recently caused a stir by saying that it was going to charge for the branch manager's time. It is logical enough; after all solicitors and accountants charge for their advice.

And, of course, customers already pay for this service, except that it is concealed in their half-yearly charges and

them has managed to convey to customers that becoming more commercial means anything other than higher charges.

The fact that many of the complaints against the banks are unfair is irrelevant. It is a failure of management that people should make them at all.

Looking then at bank management, there are two main areas where the banks themselves acknowledge concern, one at head office, the other at the branches. The head office problem first.

The day-to-day running of the banks is in the hands of trained bankers. These people are the pick of the school leavers which still provide the banks with virtually all their new staff. Banks therefore differ from other service industries in that they rarely recruit from outside their own organisations and almost as rarely recruit anyone with higher education or professional qualifications.

Naturally banks have economists, legal specialists, marketing men and so on. But not only is the proportion small, these are usually career bankers who have opted for this after they had already joined the bank. Understandably therefore they see themselves first and foremost as bankers.

One does not have to look back very far to see what happens to an engineering company run mainly by engineers. But while no one suggests any of the clearing banks is going to go the way of Rolls-Royce there is this similarity: clearing bankers tend to believe that being very good at banking is enough.

For example they will argue that the overdraft is a much better method of lending than the personal loan—cheaper, more flexible and so on. They are only just beginning to realise that (a) people in some cases prefer personal loans because they know where they stand and (b) there is more profit in them for the bank.

This runs on to the problem of the branch manager, probably the banks' single biggest worry. Because they want their managers to be good bankers—that is, very good at making lending decisions—they are finding it increasingly difficult to recruit suitable staff.

The result is that senior bankers have publicly suggested that they will have to cut down on their branch networks. Yet to do so would be to throw away their big advantage of convenience (well, relative convenience since they shut on Saturdays) over other competitors for savings.

What the banks are finding hard to realise is that they don't need people in every branch who can take lending decisions. They need people who can sell their services. For the future of the branch networks—expensive as they are to run—is to use them as sales outlets for the banks' increasing variety of ancillary services: unit trusts, special loan plans, credit cards and so on.

The important effect of this will be that once the banks have redefined the branch manager's job in this way, they will be able to attract top quality talent for the difficult (and interesting) lending decisions, those concerning big companies.

● HAMISH McRAE is deputy editor of "The Banker."

What the banks are finding hard to realise is that they don't need people in every branch who can take lending decisions. They need people who can sell their services.

the bank does not loathe to tell customers how it calculates these. When all banks do start to publish charges (Royal Bank of Scotland has already) it will be a good indication that they have finally got rid of their public service attitudes.

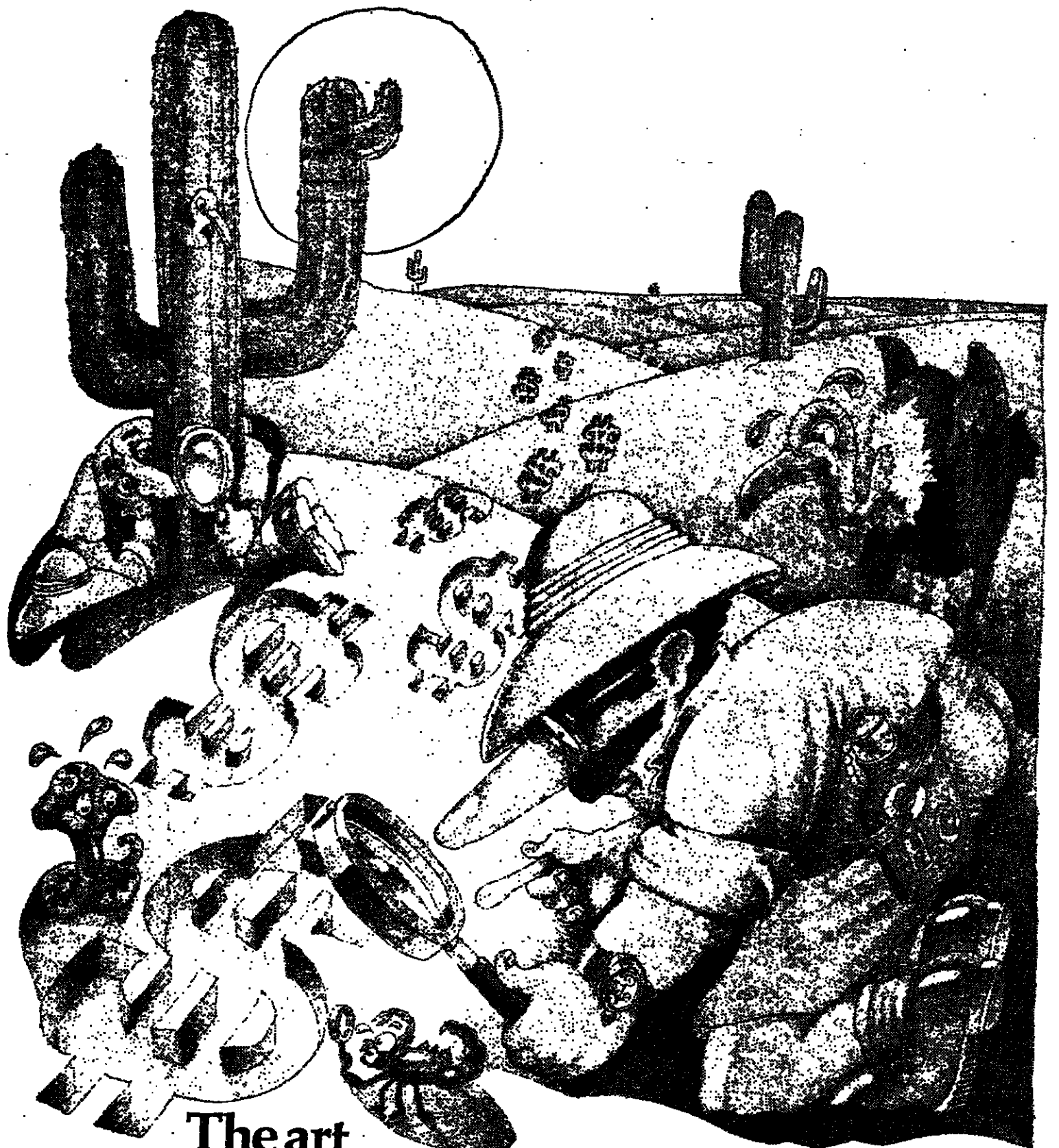
Within the banks there are still a few worries as to whether the Bank of England really means what it says when it asks them to compete: whether the special protection that will have to be given to building societies and to National Savings will in fact mean that banks still are handicapped in relation to the other institutions tapping the savings market.

These may prove justified. But in future the onus will be on the banks to fight for fair treatment. Not to accept meekly the "requests" of the Bank of England however partial and damaging they might be to the banks' (and their shareholders') interest.

For the real question now is no longer one of competition. It is one of management: how soon bank management can get used to the idea that it is running a commercial business and whether, having realised this, it has got the skills to do so.

So far—and remember this change only really took hold after the mergers of 1969—bank management's record is mixed. On the credit side, all the banks have overhauled their management structures and Barclays and Lloyds have set about rationalising their overseas activities.

On the other hand, both Barclays and Midland are seriously behind schedule on their computer installations, none of the banks has made a particular success of their specialist subsidiaries, and, most worrying of all, none of



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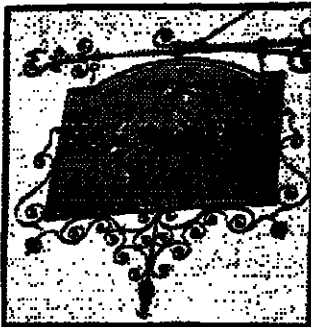
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WORLD BANKING



Global gloom

RICHARD FRY on tougher times ahead



THE PAST DECADE has been a time of relatively easy growth for banks almost everywhere. Now it looks as if the more obvious fields of expansion have been occupied, and a period of consolidation lies ahead. As always in such a phase, competition is growing fast and furious, and some projects that seemed certain winners will fall by the wayside.

One has only to look round the City of London, or for that matter round the financial districts of Zurich and Geneva, Frankfurt and Hamburg, to see how many banks are nowadays competing for deposits and for customers.

The reasons are familiar. As business spread across frontiers—and as some of the richest countries, especially the United States and Britain, restricted capital outflows—the banks followed the trend. Some built up international branch networks, others linked up with banks in other countries or formed specialised subsidiaries. Prosperity, stoked by inflation, created vast cash surpluses and a demand for investment. New money and capital

markets emerged. Funds flowed round the world more freely than at any time in the past fifty years. One needed banks to move funds as well as to raise funds.

In the past two years such movements grew to massive size, and interest rates soared. In the Euro-currency

dam in a merchant banking venture.

These are only a few examples of the international banking links that seemed to be adequate until a short time ago. Quite recently, new forms have emerged. The most far-reaching is the proposed "merger" between

of the contribution to profits which a well-run financial department can make.

It is not as easy as it was to discover and mobilise sterile deposits, though some of the more aggressive banks still send out representatives to the smaller sheikhs or the

with loudhailers and so on. But on the whole the search for mobilising both persons and business savings becomes more limited.

That is where the international groupings hope to fill a gap. Whether the ing up of total deposits of constituent banks means that larger funds be applied by the group by several individual banks remains to be tested. It is ample room for experiment and enterprise.

The limit is not, it seems, the flow of ideas but the supply of staff. The brilliant plans are apt to fade out into routine of things unless the right are there to implement them. It is this basic bottleneck the new-type banking gives the City of London, by advantage over European centres—at least for another few years.

'The time when any London branch with a good market operator could make money by borrowing and lending in the inter-bank market is over'

market alone the volume of funds increased by 50 per cent in 1969 and by another 30 per cent in 1970. In 1968-69 the American banks borrowed nearly \$10 billion from the Euro-market for use at home, after the turnabout in US monetary policy they returned more than \$13 billion to Europe.

In the period of westward flow, the international money market was dominated by the European branches of the American banks, raising money for their parents, but the reflux brought much greater activity to the non-American banks. And while, for three years or so, good profits were to be made in the rather simple business of borrowing and lending short money between banks, the business has become much more diverse and the return can only be earned by hard work, skill and enterprise.

These tidal waves of cash have left their mark on the structure of international banking. The American banks, which were prominent in the sixties in opening overseas branches and subsidiaries, are having to review their international positions. No doubt the First National City Bank, the Chase Manhattan, and the Bank of America which have long-term strategies for widespread branch systems, will persist in their plans. But a number of the smaller banks will either look for new avenues of business or reduce their commitments.

In some parts of the world the Americans have chosen the path of participating in existing British (and French) overseas banks, rather than starting their own networks. The First National City's 40 per cent stake in National City Bank of London, for example, is working out well for both partners and gives the City-bank a representation in East Africa and the Middle East.

Similarly the Chase Manhattan has a 14 per cent holding in the Standard Chartered Banking Group with its vast Afro-Asian spread. Some of the less solid links between American and European banks, however, may turn out to be less successful in the era of tough competition that lies ahead.

New forms of international banking are already beginning to emerge. The last ten years have brought the spread of branch networks, international syndicates and cooperative groups, and joint ventures for special purposes such as medium-term Euro-currency credit. In some of these the London clearing banks have taken a leading part.

Thus nearly ten years ago the Midland Bank joined with the Deutsche Bank, Amro, and the Société Générale de Belgique for general collaboration; out of this grew the Brussels Medium-term Credit Bank, joined by several other Continental banks; the European-American Banking Corporation in New York and a finance company in Australia. Quite recently this group has set up a joint management company, the European Banks' International Company.

A somewhat different structure was set up by Barclays with Bank of America, Dresdner Bank, Banca Nazionale del Lavoro and Banque Lambert. The last-named is also linked with Rothschild Intercontinental, Rothschild Paris, and Pierson Holding and Pierson of Amsterdam.

Working parties are studying plans for "real integration" at all levels; staff is being exchanged; the three chief executives meet regularly to direct the work. It will be interesting to see how a true merger can be reconciled with the responsibilities of each bank to its shareholders and to its national monetary authorities.

A different joint structure has lately been established by four very large banks: National Westminster, Chase Manhattan, Royal Bank of Canada, and Westdeutsche Landesbank-Girozentrale. These have formed, with a 25 per cent shareholding each, the Orion Multinational Services, Orion Bank, and Orion Term Bank. The idea is to offer international merchant bank services which the constituent banks are often unable to provide; the field is still being studied, and the aim is clearly a specialised joint venture rather than ultimate integration.

Rather more ambitious plans are being discussed by the recent grouping of the Dresdner Bank, the Algemeine Bank Nederland, the Banque de Bruxelles, and Bayerische Hypotheken und Wechselbank. Several of these partners are already involved in earlier joint structures, and this may be one of a number of cases where overlapping will have to be sorted out as time goes on.

The question is how all these and many other international banking groups are going to earn a living. For several years now it has been clear that multinational companies want multi-national banks to finance business in different countries and currencies, and that the demand for both short and medium-term credit in Euro-currencies is persistent. At the longer end of the market for dollar and Deutschmark capital issues has had its ups and downs but remains quite vigorous.

But a bank has to be alert and adaptable to take advantage of these opportunities. Both supply and demand shift around quite fast. Last year it was British companies, pressed by liquidity pains, that took up many of the dollars returning from New York—until the Bank of England set a five-year minimum term. This year German companies, similarly pressed by the Bundesbank absorbed huge sums of Euro-money.

It was a surprise to many observers that new outlets were found so smoothly for the flood of dollars returning to Europe; but it was not done without a great deal of skill and enterprise. The time when any London branch with a good market operator could make money by borrowing and lending in the inter-bank market is over.

The quest for deposits is becoming as important as the search for customers. Branch systems still catch the bulk of spare money but not as cheaply as in the past. Everywhere savings institutions tempt the personal saver by advertising high returns. Companies have become aware, in the last few years,

more local insurance companies to bring tidings of the rich returns to be earned in the money whirlpool. In Africa and Asia new deposits are still being drummed up from under the mattress by travelling bank managers.

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Marked money

BRIAN TRITTON analyses a watershed in the foreign currency market

MONDAY, MAY 10, 1971, marked a watershed in the postwar development of a foreign exchange market. It was the day on which the decision was taken to float the West German Deutschmark and Dutch guilder was seen. The first true floating rates for any currency in Europe since the Bretton Woods agreement (the temporary floating of the Deutschmark in 1969) was contrived and controlled by the Bundesbank and this, therefore, he regarded as a true floating rate.

The forces which led up to the outbreak of the currency war on May 5, resulting in subsequent flotation of major European currencies, the revaluation of the Austrian schilling and the less franc, were several. Montagu Annual Bulletin No. 1, published early in January, 1971, forecast a serious strain on the international monetary system and that "some countries would be forced to alter their exchange rate policies."

ting the scene

here were a number of

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they are from exchange control restrictions, to borrow cheaper funds on the Eurocurrency market.

An accelerator effect to the average velocity of circulation on the international currency market was provided by West German companies borrowing United States dollars and then switching to Deutschmarks on the open market. It is estimated that West German companies have borrowed \$84 billion on the international market during the last two years.

Another contributory factor to the flight into Deutschmarks was the technical weakness of the United States dollar, in spite of the underlying strength of the American economy. There were fears about the chronic

US balance of payments deficit which had been caused by the heavy burden of the Vietnam war, and the export of capital from the US due to overseas investment, principally in Europe.

This outward flow of capital had not been matched by a corresponding inflow of earnings. In spite of these weaknesses, the Nixon Administration had adopted an easy money policy in order to boost the economy out of its recession.

debts (\$399 millions) to overseas central banks were paid, and the IMF debt was reduced by \$287 millions.

In addition, \$208 millions was swapped forward into later months, in order to smooth out the inflow of funds through the year (the second half of the year being normally a less favourable time for sterling), by transactions with overseas monetary authorities.

On the whole, however, the movement of funds into sterling was moderate compared with the flow into Deutschmarks, Swiss francs, and guilders, and throughout the crisis sterling (and the French franc) was cast in the rôle of a bystander.

Speculation mounts

Currency market nervousness was first touched off by the reduction of the West German bank rate by 1 per cent to 5 per cent at the end of March, 1971. The market was surprised by the size of the whole point reduction and its reaction—to move even more heavily into Deutschmarks—was the reverse of that intended by the West German authorities.

Pressure subsided when holders of "spot" marks, who were involved in running costs, were failing to obtain a reasonable return and the anticipated change in exchange rates had not taken place. This led many to liquidate their spot positions and, for a brief period, the Deutschmark was less firm.

But not for long. Those who had liquidated their positions came back into the market as buyers of Deutschmarks very quickly. On April 28 the Bundesbank formally abandoned its policy of buying three months' dollars at the floor price of Deutschmark 3.630, a move which carried a hint of despair.

It is estimated that during April and up to May 5, when the Bundesbank withdrew from the market, three billion spot dollars flowed into West Germany, and four to five billion three months' dollars. There was also a flow into Swiss francs, which were also earmarked as a likely candidate for revaluation.

The flow of surplus funds accelerated when the West German Economics Minister, Herr Schiller, gave a sympathetic response on Monday, May 3, to a report prepared by a group of West German research institutes on the desirability of revaluing the mark. This was followed in the same evening by what was interpreted as a television "conditioning" of the German public to a revaluation of the mark.

During the next day the inflow became enormous, and in the first hours trading on Wednesday, May 5, it is estimated that \$2 billion flowed into West Germany, resulting in the withdrawal of the Bundesbank from the market by 10.30 a.m.

The prime move in promoting the flight into Deutschmarks, the biggest speculation which has ever taken place, were multinational companies and banks switching their surplus liquidity into US dollars and then buying Deutschmarks. Those dealing forward, rather than spot, were involved in no immediate cash commitment and this encouraged speculation.

After the German market closed the flow of US dollars switched to Switzerland, which closed its exchange market later on the same day.

sterling's position

The position of sterling at this time was strong. During the first quarter of the year there was a total currency inflow into the United Kingdom of only 537 millions, which represented the current account balance of payments surplus. (In addition, Special Drawing Rights of 125 millions were received).

The strength of sterling was due to two major factors. UK interest rates were high by international standards, and the first quarter of each year is normally favourable to sterling in that there is a seasonal commercial buying of sterling to meet trading requirements.

As a result, during January-March, the UK reserves increased by \$204 millions, all outstanding

to be followed by Holland and Belgium. Both France and the United Kingdom kept their exchange markets open; no one wanted to speculate in pounds and francs. For the remainder of that week the Deutschmark, the Swiss franc, the Belgian franc and the Dutch guilder effectively floated pending a solution to the situation. In the UK, France, Italy, and Scandinavia, normal central bank intervention took place if required.

A new era

Three basic problems had to be resolved in the hectic days following May 10. The Werner Report on monetary union within the EEC (a necessary precursor to the development of a European capital market) had called for fixed parities

within a narrow spread for EEC currencies between each other as a first step towards establishing a common European currency. The emergence of floating rates would delay the movement towards monetary union.

Agricultural prices within the EEC presented another stumbling block in that a pricing policy based on a common monetary unit of account was a necessary part of European integration. This, in turn, depended on a currency system involving only small fluctuations.

There was also a divergence of opinion between France and West Germany, as well as between the West German Minister of Economics and the Bundesbank.

Professor Schiller proved obtuse in spite of these problems and on May 10 it was decided officially to float the Deutschmark and the Dutch guilder.

In spite of the float and Professor Schiller's declared wishes, the Bundesbank did not at first enter the market as a seller of US dollars, and some speculators were forced to buy dollars as high as 3.58 (Deutschmarks: US \$). This cost them a substantial proportion of their potential speculative profits.

Indeed, the tight Euro-dollar situation could have forced the US dollar close to its old parity, but for the intervention of the Bundesbank as a seller of US dollars on June 2. This unloading of substantial amounts of US dollars aimed to reduce the liquidity in the West German money market has continued up to the present, although latterly on a more limited scale.

Looking ahead, the Bundesbank has stated that it is committed to returning to the original parity for the Deutschmark of 3.66 against the US dollar. But Professor Schiller, on June 15, is on record as having said that he could not give any idea when the rate would be repegged and suggested that flotation would continue for a longer period than envisaged. This could mean that the Deutschmark will not be repegged for a year or more.

Market dealings

Although we have been involved in the largest speculative movement in the foreign exchange market, which resulted in the floating of two major currencies, dealing conditions have not been disturbed as much as forecast by those who advocated the maintenance of the fixed rate system.

Indeed, present dealing conditions, in spite of the floating Deutschmark and Dutch guilder, are far calmer than those which prevailed during the months leading up to the November, 1967, devaluation of sterling, during the March, 1968, gold crisis and during the Deutschmark and French franc crises 1968-9.

This present market stability, although it may not last, is the product of a number of factors. For one, the recent speculation was reasonably straightforward, involving as it did a one-way currency flow principally into Deutschmarks when high interest rates encouraged this movement. The situation was helped by the fact that sterling was cast in the rôle of a bystander. Stability has also been

helped by the almost daily intervention by the Bundesbank in the foreign exchange market since June 2 (activated by concern for the level of the West German money supply) together with the volume of long Deutschmark positions awaiting liquidation, which were taken at the time when the Bundesbank was intervening at the old parity. These two influences have also enabled the forward market to operate on a normal competitive basis more effectively than had been anticipated by those who had opposed floating rates.

Exchange dealers are also helped by the fact that both floating currencies are firm. International trading—and hence foreign currency dealing—would be made more difficult if all major currencies floated to a weaker level resulting in a large differential movement between the weak and the strong.

Although the foreign exchange market is relatively calm at present, it remains to be seen whether this situation will continue after the main stabilising influences are removed. For example, a substantial proportion of the forward Deutschmark positions are maturing in July. The Bundesbank may soon have achieved the desired reduction in the West German money supply, and may no longer intervene in the exchange market by selling US dollars against Deutschmarks.

The exchange market will then be governed by market forces, principally commercial trading requirements for foreign currencies and interest rate differentials between different countries. The effects of the currency crisis, and developments since, have been to create more flexibility in the international monetary system with possible widening of the "spreads" while retaining the fixed parity system.

The essential cause of this recent monetary crisis was the surplus liquidity in the Eurodollar market which was made particularly volatile because of interest rate differentials and the easy money policy of the US. This led to an embarrassing volume of US dollars accumulating in the hands of European central banks and forced the latter to look into the possibilities of controlling excess Eurodollar liquidity.

So far, they have implied that money originally placed

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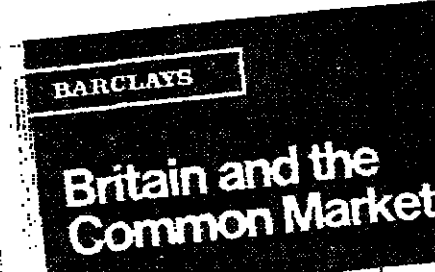
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CASHMORES
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CEGB seeks to buy gas direct from producer

By PETER RODGERS

In spite of Government disengagement, the Central Electricity Generating Board is continuing with its campaign to get permission to buy gas direct from the producers. Discussions are still going on with Phillips which has a major well in the Norwegian sector of the North Sea.

Power stations can use vast quantities of gas and the CEGB could easily buy up the complete production of some of the North Sea fields. Because of this purchasing power it believes that it could get a much better price by buying direct rather than from the Gas Council which, for obvious commercial reasons, will not re-sell at the price it pays. The CEGB finds the council's monopoly "galling".

The plan would be for the CEGB to buy about 600 million cubic feet a day from the Phillips well. Earlier negotiations to buy direct about 650 million cubic feet a day from the Viking field fell through. This was because of Government pressure—after the terms of supply had been sewn up between the CEGB and the partnership between the National Coal Board and Continental Oil, which owns Viking.

The supply from Viking would have been enough to run 4,000 mega-watts of generating capacity—several large power stations—for 20 years. With an assured supply of gas the CEGB could then build special power stations to run off gas alone, at generating costs which would be extremely attractive.

Phillips' gas would be more

expensive than Viking gas because it is farther from shore but it is still economically attractive.

The dilemma is that it takes six years from the time a contract becomes available until a purpose built power station is ready to use the gas, which means a long period of less economic use for the supply. For the first few years the gas would probably have to be used to fuel existing stations converted from oil or coal. This would probably represent a saving in fuel costs but it would not be nearly as dramatic as the saving with purpose built stations.

Hams Hall C, a 360mw station, has already been converted to dual coal and gas firing and the 1300mw West Thurrock station will be converted by 1972.

The CEGB says it is confident that more stations will be converted to gas, but the Government sees it as a politically sensitive part of its fuel policy.

The Gas Council has first refusal of any kind in the British sector of the North Sea but the legal position is not clear with the Phillips field which is in the Norwegian sector.

The Viking deal was effectively vetoed by the Government which told the Gas Council to renegotiate with the NCB and Conoco after talks had broken down even though in the meantime the CEGB had made an acceptable offer. The Government would probably have little trouble in finding ways of stopping a Phillips deal if it was politically unacceptable.

POLITICIANS have always played politics with economics. One expects no better of them, and most of the time it doesn't matter very much. Just now, it does, though.

The political misinterpretation of economics is in danger of trapping us on two very important decisions. The more immediately important, though not so crucial in the long run, is about how much growth we can afford—how much Mr Barber ought to do this afternoon. The more important in the long run, is, of course, about the Common Market.

About our immediate economic prospects, there has been an extraordinary outburst of optimism in the past few days. Ever since it was known that Mr Barber was likely to reflate the stock market has been rising. Ten days ago, there was a celebration known as a meeting of the National Economic Development Council—I gather it was really a very good lunch and a pleasant afternoon out talking of a new atmosphere.

Then at the end of last week the CBI announced its plans for persuading 200 large companies to limit their price rises. Since then, you might almost have thought the millennium had arrived—the long preached tripartite agreement between unions, employers, and Government for inflation-free growth.

This is where Mr Dennis Healey comes in. He has put forward by far the most respectable argument for staying

out of the Common Market, even if you actually believe in going in: the argument that the British economy is in no state to stand up to entry. But as a Labour politician, he had to blame the Government for the state of affairs. If we had growth and no inflation, he said, he might change his mind. Since that is just what now looks probable according to some observers, it looks as if he might have to do so.

Or does it? I do not in the least want to denigrate Mr Campbell Adamson and his 200 companies, but their agreement to police price rises is a good way short of being an incomes policy. There are two quite separate issues here, and it is important not to get them muddled.

The first is to stop the present inflation. In the past I have been accused of over-optimism for suggesting that events earlier this year suggested that the time would soon be ripe to stop the inflation. I based this on the fact that since January prices have been rising faster than wages. This meant both that profit margins were recovering, so that the motive for excessive price increases must be getting weaker; and that the power of the unions to protect their members was effectively reduced. Just at the time when they were failing to

Politics v. economics

By ANTHONY HARRIS

give protection, the number of disputes was falling away.

At this stage, I must use exactly the same argument—in what may look a pessimistic sense. I do not mean that we cannot get faster growth without inflation. We can hardly have less of one or more of the terms of production and other without collapsing altogether. The difficulty has been simply to stop the momentum of the inflation to break into the spiral, as the cliché has it.

The whole episode has been an impressive demonstration of the cost plus thinking on both sides of industry. The employers want their costs of production plus a profit margin, the trade unions the cost of living plus an improvement, and both of them argue that this would be easier to achieve in a growing economy. Within their own terms of reference, their claim is a true one.

Unfortunately, it is only true on a fairly short view. It is because industry has a habit of counting its fixed costs on an historic basis, that we always get big improvements in profit and a stabilisation of prices when we recover from a recession.

Unfortunately, the same type of thinking makes new capital equipment, whose price has

been rising during the past inflation, look forbiddingly expensive. The result is that time after time, we get recovery that goes swimmingly as long as we are expanding into existing capacity; but it slows down horribly when growth requires the installation of new capacity.

That is one limitation on sustainable growth. The other is that during the expansion phase of the cycle, workers get used to a steady improvement in their standard of living. When growth becomes more difficult because of physical restraints, they continue to try to secure this improvement. For a time, the employers go along with this; after all, they have experienced a big improvement in profits. It is not long, though, before growth turns to stagnation: the growth of money incomes goes on rising, but production slows down.

Falling a more long-sighted view, our sustainable growth is going to be limited by two things: the low rate of investment, notably the study by Lieberman and Han, reviewed by Victor Keegan in these pages a fortnight ago. All of it is, pretty conclusively.

It does look as if there has been some improvement in recent years—either in the

quality of investment, or the organisation of work; labour productivity has been improving at 3 per cent to 4 per cent a year since 1968, in spite of the very sluggish performance of the economy.

But, except for gently testing this new limit, there is no reason to suppose that our sustainable growth rate is very much higher than in the 1960s, and all too much reason to fear that the danger of inflation, when we run out of capacity, is greater than ever.

And it is with these long-term considerations that Mr Healey ought to be concerned. Recent events, which may well help us to get into the recovery phase of the business cycle, really have nothing to do with our long-term economic strength in a more competitive market.

There is only one way to answer this question, and that is to make a painstaking study of the potential efficiency of the important sections of British industry against their European competition. A good deal of work has been done on these lines—notably the study by Lieberman and Han, reviewed by Victor Keegan in these pages a fortnight ago. All of it is, pretty conclusively.

There is also the evidence of British business opinion: our own poll confirms the CBI's view that British industry is self-

confident about Europe, but it for politicians and other outsiders to decide whether judgment of British management is to be trusted.

The second question, which is equally difficult, is to decide whether the British economy is ever capable of reasonable rapid growth without inflation. If you take the view that quality of our labour relations is far too poor to make it possible, it may be that we are not able to reap the fruits of faster growth in Europe, if we are otherwise strong enough to cultivate them.

This is especially so if it is intended to keep to the Common Market rules and to lock exchange rates on to those of other European currencies within a few years.

So if Mr Healey should include either that British industry is too ill-managed out of date to live in open competition or too subject to union pressure to keep prices stable, he could respectably argue for staying out of Europe. In the first case, we risk the fate of other regions with out-of-date industries; the second, we would be instantly in monetary trouble with our partners. But what he is not respectably arguing is anything Mr Heath's Government has done in the past months can really be blamed for troubles which go back to the nineteenth century; or anything Mr Barber is likely to do this afternoon will put it right.

NATIONAL FREIGHT CORP

Hiving-off

Kings Road

IN THE current political climate, the State-owned National Freight Corporation (British Road Services, National Carriers, Pickfords) is unlikely to be allowed to open a boutique in the Kings Road, Chelsea. So the NFC under its new chairman, Dan Pettit of Unilever, is doing the next best thing—it is considering selling off some of the prime sites it owns and using the proceeds to build modern depots farther out of town.

The Kings Road site (sandwiched between boutiques, opposite the Phoenix Club) is only a small example. One other site in central London which it does not need is said to be worth £10 millions and the whole of the NFC's property portfolio could be worth between £30 millions and £50 millions.

Such voluntary hiving-off not only makes sound business sense, it will also be welcomed by the Government since it will reduce the NFC's dependence on the Treasury for funds. This is especially important now that the Government may have to subsidise nationalised concerns which fall in with the CBI's price restraint proposals.

It could be that other State-owned bodies—British Rail, for instance—will now be forced to take a closer look at the lucrative properties they own.

PELDAYNE

In by the back door

TWO FORMER Fordham men are making a reverse takeover bid for Peldayne (Holdings). And they are wasting no time in changing the footwear retail, saddlery and leather goods business formerly known as Harry H. Payne into a property investment company.

The two men, Robert Orton and Peter Bevan, who between them control about 30 per cent of Peldayne, quit Fordham when its founder, Mr David Rowlands, sold out. Mr Orton joined the Peldayne board in May this year, only a few months after the company reported a sharp slump from the 1969 record profit.

Today it is announced that Peldayne is to acquire a 51 per cent interest in a private property investment company owned by Mr Orton and Mr Bevan. It is called London and

Trinity Square Investments. And has assets of about £450,000. The price—in new Peldayne shares—is to be fixed by the other Peldayne directors, and will be corroborated by an independent opinion.

The deal also gives Peldayne a three-year option to acquire the remaining 49 per cent of Trinity, either on a share exchange basis identical to the present 51 per cent deal, or for cash at a price to be determined after an independent valuation.

During the three-year period, Mr Orton and Mr Bevan are waiving their rights to dividends on the 49 per cent Trinity stake, and will undertake that all Trinity's profits are paid to Peldayne. The deal is subject to approval at the annual meeting by a vote in which neither Mr Orton nor Mr Bevan will take part.

The trading activities of Harry H. Payne, and Eldon (Saddlery and Leather Goods), the subsidiary companies, are to be retained and developed. But the future of Peldayne is to be as a property investment company.

The immediate property potential is obvious. The company was set up in 1924, and has 122 shops and other premises owned by the company at cost at about £500,000.

CITY COMMENT

Rushing to assure

THE RUSH to get into the life assurance industry gathers pace. Today Mr Alec Coleman, whose public company, E. Alec Coleman Investments, was acquired by the Freshwater Group two years ago, announces that he has bought a virtually unknown firm called Langham Life Assurance.

Langham will be brought into the E. Alec Coleman group of companies, the private firms owned by Mr Coleman and his family which he has been running for the past two years. These family firms are also in

the property business and Mr Coleman says that one of the products he intends to offer through Langham is a property bond. It will be, he claims, the first property bond run by a recognised property developer, and he also claims to have the backing of a number of major insurance companies. However, he is not prepared to say who they are.

There is no doubt that Mr Coleman has big plans for Langham Life. As a company formed before 1967 Langham Life is free from the detailed Department of Trade and Industry regulations and supervision applicable to firms formed in the past four years, supervision which is designed to give the policyholder greater security than that provided by earlier

legislation. The company was first established in 1966.

Mr Coleman says the £250,000, is to be increased to £1 million, a clear indication of the growth he is aiming at and a hint, too, that the company will be adopting aggressive marketing tactics. Marketing apart, Mr Coleman says Langham Life will also on the lookout for acquisition in the life assurance field. He says, however, that he is aware of the high market price which desirable pre-1967 firms are fetching.

He adds that fuller details of his plans will be made public soon. With the life assurance industry and the unit fund side of its operations under scrutiny at present, the sea the better, Mr Coleman.

● A US bank is issuing economic commentaries on the cassette under the title "Sound Economy."

GUARDIAN BUSINESS SERVICES

Man for the job

THE GOVERNMENT'S recently published Code of Industrial Relations Practice drew attention to the importance of the selection process within industry. Every manager is drawn into the selection process at some time—it is not a skill practised only by personnel managers.

In spite of this, very few managers have received any training in how to undertake this important task. The result is the numerous "square pegs" found in industry, who not only cost their companies a great deal of money, but are the prime factor in promoting industrial unrest.

Guardian Business Services

has been successfully teaching non-personnel managers to handle their part of the selection process with confidence and skill for a number of years. The well-known workshop titled "Selection Interviewing for Non-Personnel Managers" is being repeated in London on August 2-4. Numbers admitted are strictly limited as delegates receive individual attention to ensure that when they return to their companies they will be immediately in a position to raise the standard of selection in their departments. Interested companies should contact the Registrar as soon as possible. Guardian Business Services Ltd., 21 John Street, London, WC1. Telephone 01-837 7011. Extn. 316.

Company news briefs

Bids and deals

McCorquodale Group has acquired whole or issued capital of PD Packing Products from Mr R. J. Hobbs for £4,615 McCorquodale ordinary shares.

Mount Securities is making an offer of 50p per 50p share for the 90 pc of the shares of Millar and Lang which it does not already hold. Discussions will be held this week with the directors of Millar.

Greenbank Trust: Gross investment income received £10,916 (£10,754). Asset value per ordinary share 30p (£24p).

P.M.A. Holdings: 8 pc (single payment 18 pc). Pre-tax profit £84,114 (£55,375).

Hamersley Holdings: Net profit £A14,618,000 (£A12,044,000). Depreciation £A12,845,000 (£A12,845,000). Tax £A13,278,000 (£A9,827,000).

Interim dividends

Scottish United Investors: 3 pc (same). Net profit £717,263 (£575,585) before tax of £54,449 (£53,586). Net asset value 95p per share (79p).

Final dividends

William Reed and Sons: 5 pc, making 7½ pc (same). Pre-tax profit £261,529 (£38,180). Tax £27,320 (£39,900).

CARBON ELECTRIC Holdings Ltd.

Chairman Mr G. E. Liardet looks forward to another year of progress

★ We are continuing our policy of expansion by internal growth, by enlarging our range of products and by acquisition where appropriate.

★ We have under negotiation with overseas interests a number of licensing agreements for the company's products and processes and there is every reason to believe that these will be financially beneficial.

★ Our production is running at a record rate during the present year and the order book at £1.8 million should maintain the Group companies' facilities at a satisfactory level for the remainder of this year and into the next year.

★ The Group is efficient and well poised to move forward. I have little doubt that we will be able to present a satisfactory report on the year to 31st December 1971.

	1970	1969
Turnover	2,477,260	1,984,223
Pre-tax profit	288,836	183,589
Net profit	132,191	92,802
Dividends	15%	12½%

GROWTH FUND by John Coyne

With one offer in, Miles Redfern still looks cheap

THE BID situation surrounding Miles Redfern has completely diverted investors' attention from the intriguing trading situation which really forms the basis of the group's defence against British Vita's unwelcome attentions.

The bid presently outstanding puts a valuation of only 81p a share on Miles Redfern, but I am sure that the profit recovery already achieved, and the prospects for further advances, the shares should stand well above their present 83p.

The group slid into difficulties in the wake of the motor industry's dismal sales and industrial strikes spell in 1969-70. Nearly 90 per cent of rubber components output go to this particular customer industry.

On the back of these troubles British Vita stepped in with its bid approach, initially in May this year. But recovery was already under way, as was aptly demonstrated by the interim figures last week.

Profits for the first six months' trading were back up from £101,000 to £225,000, thanks to a significant recovery in margins as price increases and the cost-effectiveness of that extra bit of turnover on the top end of sales became evident.

Sales in the period were in fact only 13 per cent better at a shade over £4 millions, while margins widened from 2 per cent to 5½ per cent.

Moreover, conditions continue to be favourable in the second half with the recovery in motor industry production coinciding with a big contract for components and carpeting for the new Marina.

So profits are running at least on a par with the first half. Remembering that the group had to search around for extra outlets during the prolonged Ford strike which came in its first half, we could look for some further upturn.

Yet, even doubling up the first-half profit—which is reasonable enough given only the assumption of no worse-than-average labour troubles in the motor industry—would give a pre-tax profit of £450,000,

HOW WE STAND

Shares Company	Buying price	Present price	Present value
562 Wilkinson's Transport	129	196	1,101
450 Green's Economisers	152	148	666
1,250 Norvic	38½	41½	518
725 H. C. James	82	88	638
1,000 Greef Chemicals	58½	64½	645
600 Teves and Arnold	30	12½	738
2,500 Steinberg	40	54	1,350
800 Wm Whittingham	56	63	504
600 Miles Redfern	83	—	509
Cash			381
			7,050
Capital on April 17, 1971			5,000
Appreciation to date			2,050

On a similar tax ratio as at the half way stage, this would leave earnings at a record 49½ per cent, which would put the shares on a price earnings earnings ratio of 6.7.

The dividend prospects look good, too. The interim has been doubled to 10 per cent, and a 1½ per cent final (against 9 per cent) must be a minimum expectation if earnings of nearly 50 per cent are achieved. Indeed, a 20 per cent final can be ruled out to make a total of 30 per cent for the year. Such a payment would be covered 1.66 times by the indicated earnings. Even on the lower figures, however, the prospective yield is a twice covered 7½ per cent.

So on normal trading grounds a case can be made for rating the shares on an earnings multiple of between 8 and 10, thus implying that the shares should rise to the 100p to 120p range in the next few months when the outstanding bid lapses.

Certainly if British Vita really wants the group it is going to have to come back with a bid worth more than 100p a share.

In any event it is a winning bet for investors to secure handsome capital gains whatever happens. I added 800 shares to my growth

fund portfolio, taking the profit on Thomas Robinson to finance the deal.

It is worth emphasising again that merely because I take a profit on a share does not mean the price has run out of steam. In fact, many readers have found as much excitement in shares after I have parted company with them.

A case in point, and one where many readers have this week been asking whether they should now take their profits, is Orion Insurance.

When I tipped it eight months ago, I rated it as one that could double within a year. With the price continuing to push ahead since I took my profit, the shares are now 78 per cent up on my recommendation price.

Should readers begin to take profits then? I do not really feel there is any rush. Apart from the big rumour of a mopping-up operation by the controlling Nationale-Nederlanden, the shares remain cheap on fundamental grounds.

If you suddenly need a merchant bank you probably needed one before.

The fact that a business needs specialised financial advice in a hurry often means that the situation need never have developed to crisis point at all if a merchant bank had been consulted earlier.

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It also has a very sensitive eye for the ripples on the surface of international events which can often rock the boat nearer home.

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